EMTHANJENI MUNICIPALITY



MTREF FINAL BUDGET

2019/2020 FINANCIAL YEAR

EMTHANJENI MUNICIPALITY

(NC073)

SCHEDULE A

FINAL BUDGET AND SUPPORTING DOCUMENTATION OF A MUNICIPALITY

2019-20 MTREF

FINAL BUDGET OF

EMTHANJENI

MUNICIPALITY

2019/20 TO 2021/22
MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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In the foyers of all municipal buildings
All public libraries within the municipality
At www.emthanjeni.co.za

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Abbreviations and Acronyms

AMR Automated Meter Reading
ASGISA Accelerated and Shared Growth Initiative
BPC Budget Planning Committee
CBD Central Business District
CFO Chief Financial Officer
MM Municipality Manager
CPI Consumer Price Index
CRRF Capital Replacement Reserve Fund
DBSA Development Bank of South Africa
DoRA Division of Revenue Act
DWA Department of Water Affairs
EE Employment Equity
EEDSM Energy Efficiency Demand Side Management
M Mayor
FBS Free basic services
GAMAP Generally Accepted Municipal Accounting Practice
GDP Gross domestic product
GDS Gauteng Growth and Development Strategy
GFS Government Financial Statistics
GRAP General Recognised Accounting Practice
HR Human Resources
HSRC Human Science Research Council
IDP Integrated Development Strategy
IT Information Technology
kℓ kilolitre
km kilometre
KPA Key Performance Area
KPI Key Performance Indicator
kWh kilowatt
ℓ litre
LED Local Economic Development
MEC Member of the Executive Committee
MFMA Municipal Financial Management Act
Programme
MIG Municipal Infrastructure Grant
MMC Member of Mayoral Committee
MPRA Municipal Properties Rates Act
MSA Municipal Systems Act
MTEF Medium-term Expenditure Framework
MTREF Medium-term Revenue and Expenditure Framework
NERSA National Electricity Regulator South Africa
NGO Non-Governmental organisations
NKPIs National Key Performance Indicators
OHS Occupational Health and Safety
OP Operational Plan
PBO Public Benefit Organisations
PHC Provincial Health Care
PMS Performance Management System
PPE Property Plant and Equipment
PPP Public Private Partnership
PTIS Public Transport Infrastructure System
RG Restructuring Grant
RSC Regional Services Council
SALGA South African Local Government Association
SAPS South African Police Service
SDBIP Service Delivery Budget Implementation Plan
SMME Small Micro and Medium Enterprises

1.1 Mayor's Budget Speech

1.1.1 Council Budget Resolutions

16. VERSLAE VIR OORWEGING / *REPORTS FOR CONSIDERATION*

16.1 FINALE BEGROTING EN HERSIENE GEINTEGREERDE ONTWIKKELINGSPLAN: FINANSIëLE JAAR 2019/2020 MTEF / *FINAL BUDGET AND REVISED INTEGRATED DEVELOPMENT PLAN: FINANCIAL YEAR 2019/2020 MTEF* (5/1/1/18 & 19/2)

1. Agtergrond / *Background*

In Hoofstuk 4 van die WMFB word die munisipale begrotingsproses duidelik uiteengesit en Artikels 15 tot 27 handel oor die implementering van die jaarlikse begroting.

Artikel 25 en 34 van Hoofstuk 5 van die Stelselswet bepaal dat die Hersiene GOP ook jaarliks aan die Raad voorgelê moet word vir goedkeuring.

Die strategiese doelwitte van die Munisipale Raad vorm die hoeksteen vir belyning van die begroting en is 'n poging om te reageer op die gemeenskap se behoeftes aan diensleweringsdoelwitte. Beide die Geintegreerde Ontwikkelingsplan en die Begroting is sleutelwerktuie vir dienslewering en is verpligtend.

Chapter 4 of the MFMA clearly outlines the municipal budget process and Sections 15 to 27 give effect to the implementation of the annual budget.

In terms of Section 25 and 34 of Chapter 5 of the Systems Act the revised IDP must also be submitted to the Council annually for approval.

The Municipal Strategic Objectives of the Council form the cornerstone for budget alignment and seek to respond to community needs for service delivery objectives. Both the IDP and Budget are the key service delivery implementation tools and are mandatory.

2. Regsimplikasies / *Legal Implications*

Daar moet voldoen word aan die bepalings van die betrokke artikels in die WMFB en die Stelselswet.

Die Finale Begroting en Hersiene GOP is vir 21 dae geadverteer vir openbare kommentaar in die plaaslike koerant, op die munisipale webtuiste, by biblioteke en die munisipale kantore.

The provisions of the relevant sections of the MFMA and Municipal Systems Act must be complied with.

The Final Budget and Revised IDP must be advertised for 21 days for public comment in the local newspaper, on the municipal website, at libraries and the Municipal Offices.

3. Finansiële Implikasies / *Financial Implications*

Alle uitgawes aangegaan vanaf 1 Julie 2019 sal in ooreenstemming wees met die goedgekeurde begroting soos bepaal in die WMFB.

All expenditure incurred from 1 July 2019 will be in accordance with the approved budget as set out in the MFMA.

4. Voorgestelde Aanbeveling / *Proposed Recommendation*

Dat die Raad die volgende goedkeur:

1. Begrotingsrede van die Burgemeester oor:

1.1 Die Finale Begroting vir Totale Inkomste vir 2019/2020 wat R304 250 632 bedra.
1.2 Die Finale Begroting vir Totale Kapitaal- en Bedryfsuitgawes vir 2019/2020 wat R304 055 607 bedra, asook aanduidende totale bedrae vir die tydperk van die Mediumtermynuitgaweraamwerk:
1.2.1 Finale Begroting vir Bedryfsuitgawes wat R255 183 007 bedra.
1.2.2 Finale Begroting vir Kapitale Uitgawes wat R48 872 600 bedra.
1.2.3 Aanwendingsbegrotingsposte volgens die regering se finansiële statistiek-funksies.

1.3 Verhoging van tariewe per tariefskedule
(i) Eiendomsbelasting
(ii) Elektrisiteit
(iii) Water
(iv) Vullisverwydering
(v) Riolering / Sanitasie
(vi) Sekondêre tariewe

1.4 Die Dienslewerings- en Begrotingsimplementeringsplan (DLBIP) vir elke Direktoraat, dit wil sê Munisipale Bestuurder, Korporatiewe Dienste, Gemeenskapsdienste, Finansiële Dienste en Infrastruktuurdienste, soos uiteengesit in elk van die Sleutelprestasiemetingsaanwysers wat gekoppel is aan die Sleutelprestasie-areas.

1.5 Ander begrotingsverwante dokumente

(a) 'n Opsomming van die Hersiene Geintegreerde Ontwikkelingsplan vir 2019/2020 wat gekoppel is aan die begroting soos uiteengesit in die Kapitaalbegroting en

Bedryfsbegroting saam met die Munisipale Sektorplan vir Menslike Nedersettings wat goedgekeur moet word, onderworpe aan wysigings wat tyd tot tyd aangebring kan word.

(b) die Hersiene Eiendomsbelastingsbeleid
(c) die Hersiene Kredietbeheerbeleid
(d) die Hersiene Klientediensbeleid
(e) die Hersiene Behoeftigheidsbeleid tesame met die begroting vir gesubsideerde gratis dienste soos water, elektrisiteit, vullisverwydering en riolering
(f) die Hersiene Tariefbeleid vir water, elektrisiteit en ander munisipale dienste
(g) die Hersiene Beleggingsbeleid en Beleggingskedule
(h) ander sake soos voorgeskryf word in Artikel 17 (1)(a-e)
(i) Hersiene Voorsieningskanaalbestuursbeleid
(j) Hersiene Reis- en Verblyfbeleid

- Tabel van toekennings en subsidies ingevolge die Wet op Verdeling van Inkomste
- Voorgestelde vergoedingsuitgawes per tabel vir-

(a) (i) Raadslede
(ii) Burgemeester
(iii)Speaker
(iv)Lede van die Uitvoerende Komitee
(v) Ander gewone Raadslede

(b) (i) Munisipale Bestuurder
(ii) Hoof- Finansiële Beampte
(iii) Direkteur: Korporatiewe Dienste
(iv) Direkteur: Gemeenskapsdienste
(v) Direkteur: Infrastruktuurdienste
(vi) Ander Artikel 56-bestuurders

2. Hersiene Geintegreerde Ontwikkelingsplan vir 2019/2020.

2.1 Voorwoord van die Burgemeester oor die GOP.
2.2 Beknopte Oorsig van die GOP.
2.3 Hoofstuk 1: Inleiding en Doel van Oorsig.
2.4 Hoofstuk 2: Profiel en Omstandigheidsontleding van die Munisipale Gebied.
2.5 Hoofstuk 3: Oorsig van die 2018/2019 Profiel.
2.6 Hoofstuk 4: Strategiese Agenda.
2.7 Hoofstuk 5: Munisipale Vyfjaar-aksieplan 2019/2020.
2.8 Hoofstuk 6: Prestasiebestuurstelsel.
2.9 Hoofstuk 7: Insette van Sektordepartemente.

That Council approve the following:

1. *The Mayor's budget speech on -*

1.1 The Final Total Revenue Budget for 2019/2020 amounting to R304 250 632.
1.2 The Final Total Capital and Operating Budget for 2019/2020 amounting to R304 055 607 and also indicative total amounts for Medium Term Expenditure Framework:
1.2.1 Final Operating Budget amounting to R255 183 007
1.2.2 Final Capital Budget amounting to R48 872 600
1.2.3 The appropriation votes as per Government Finance Statistics (GF) Functions

1.3 Increase in tariffs as per tariff schedule
(i) Property Rates
(ii) Electricity
(iii)Water
(iv)Refuse
(v) Sewerage / Sanitation
(vi) Secondary Tariffs

1.4 The Services Delivery and Budget Implementation Plan (SDBIP) for each directorate i.e. Municipal Manager, Corporate Services, Community Services, Financial Services and Infrastructure Services as set out in each of the key performance measurement indicators which are aligned to the Key Performance Areas.

1.5. Other budget-related documents such as:
(a) A Summary of the Revised Integrated Development Plan for 2019/2020, which is linked to the budget as outlined in the Capital Budget and Operating Budget together with Municipal Human Settlements Sector Plan that must be approved, subject to changes that can be made from time to time.
(b) the Revised Property Rates Policy
(c) the Revised Credit Control Policy
(d) the Revised Customer Care Policy
(e) the Revised Indigent Policy, together with the budget for subsidized free basic services such as water, electricity, refuse and sewerage
(f) the Revised Tariff Policy for water, electricity and other municipal services
(g) the Investment Policy and Schedule of Investments
(h) other matters as prescribed in Section 17(1)(a-e)
(i) Revised SCM Policy
(j) Revised Subsistence and Travel Policy

- *Grants and subsidies schedule according to Division of Revenue Act (DORA)*
- *Proposed remuneration expenditure as per schedule for-*

(a) (i) Councillors
(ii) Mayor
(iii) Speaker
(iv) Members of Executive Committee
(v) Other Ordinary Councillors

(b) (i) Municipal Manager
(ii) Chief Financial Officer
(iii)Director: Corporate Services
(iv)Director: Community Services
(v) Director: Infrastructure Services
(vi) Other Section 56 managers

2. Revised Integrated Development Plan for 2019/2020

2.1 Mayor's Foreword to the IDP
2.2 Executive Summary of the IDP
2.3 Chapter 1: Introduction and Purpose of Review
2.4 Chapter 2: Profile and Situational Analysis of the Municipal Area
2.5 Chapter 3: Overview of 2018/2019 Profile
2.6 Chapter 4: Strategic Agenda
2.7 Chapter 5: Municipal five year Action Plan 2019/2020
2.8 Chapter 6: Performance Management System
2.9 Chapter 7: Sector Departments Input

5. Kommentaar deur die Rekenpligte Beampte / Artikel 82 van die Strukturewet & Artikel 60 van die Wet op Munisipale Finansiële Bestuur / *Comments by the Accounting Officer / Section 82 of the Structures Act & Section 60 of the MFMA*

Dat die Raad die goedkeuring van die Finale Begroting, Begrotingsbeleide, soos hierbo genoem, en die Geintegreerde Ontwikkelingsplan oorweeg.

That Council consider the approval of the Final Budget, Budget Policies, as set out above, and Integrated Development Plan.

6. Aanhangsels / *Attachments*

1. Finale Eiendomsbelastingsbeleid vir 2019/20 word aangeheg as **RV 1 tot RV 27**.
2. Finale Kredietbeheerbeleid vir 2019/2020 word aangeheg as **RV 28 tot RV 38**.
3. Finale Klientediens- en Bestuursbeleid vir 2019/2020 word aangeheg as **RV 39 tot RV 58**.
4. Finale Behoeftigheidsbeleid vir Huishoudings vir 2019/2020 word aangeheg as **RV 59 tot**

RV 69.

5. Finale Beleid: Begrotingsimplementering en Monitering vir 2019/2020 word aangeheg as **RV 70 tot RV 98**.
6. Finale Beleid: Kontant en Beleggings vir 2019/2020 word aangeheg as **RV 99 tot RV 117**.
7. Finale Beleid: Batebestuur vir 2019/2020 word aangeheg as **RV 118 tot RV 159.**
8. Finale Tariefbeleid vir 2019/2020 word aangeheg as **RV 160 tot RV 176**.
9. Finale Beleid: Voorsieningskanaalbestuur vir 2019/2020 word aangeheg as **RV 177 tot RV 230**.
10. MFBW Omsendskrywes no. 93 en 94 word aangeheg as **RV 231 tot RV 269**.
11. Finale Beleid op Ontwikkelingskoste word aangeheg as **RV 270 tot RV 283**.
12. Finale Beleid op Reis- en Verblyftoelaes vir 2019/2020 word aangeheg as **RV 284 tot RV 293**.
13. Skedule van Beraamde Tariewe vir 2019/2020 word aangeheg as **RV 294 tot RV 307.**
14. Bekendmaking van Salarisse, Toelaes en Voordele word aangeheg as **RV 308.**
15. Finale Begroting: Sleutelkwessies vir 2019/2020 word aangeheg as **RV 309 tot RV 313.**
16. Finale Begroting: Opsomming van Aannames vir 2019/2020 word aangeheg as **RV 314 tot RV 319.**
17. Finale Begroting: Beknopte Oorsig vir 2019/2020 word aangeheg as **RV 320 tot RV 328.**
18. Verkrygingsplan vir 2019/2020 word aangeheg as **RV 329 tot RV 330.**
19. Hersiene Geintegreerde Ontwikkelingsplan vir 2019/2020 word aangeheg as **RV 331 tot RV 513.**

1. *Final Municipal Property Rates Policy for 2019/2020 is attached as **RV 1 to RV 27**.*
2. *Final Credit Control Policy for 2019/2020 is attached as **RV 28 to RV 38**.*
3. *Final Customer Care and Management Policy for 2019/2020 is attached as **RV 39 to RV 58**.*
4. *Final Indigent Household Policy for 2019/2020 is attached as **RV 59 to RV 69**.*
5. *Final Budget Implementation & Monitoring Policy for 2019/2020 is attached as **RV 70 to RV 98**.*
6. *Final Cash & Investment Policy for 2019/2020 is attached as **SRV 99 to SRV 117.***
7. *Final Asset Management Policy for is attached as **RV 118 to RV 159.***
8. *Final Tariff Policy for 2019/2020 is attached as **RV 160 to RV 176**.*
9. *Final Supply Chain Management Policy for 2019/2020 is attached as **RV 177 to RV 230**.*
10. *MFMA Circulars No. 93 and 94 are attached as **RV 231 to RV 269**.*
11. *Final Augmentation Policy is attached as **RV 270 to RV 283**.*
12. *Final Subsistence Allowance & Travel Policy for 2019/2020 is attached as **RV 284 to RV 293**.*
13. *Schedule of Estimated Tariffs for 2019/2020 is attached as **RV 294 to RV 307.***
14. *Disclosure of Salaries, Allowances & Benefits is attached as **RV 308.***
15. *Final Key Budget Issues for 2019/2020 is attached as **RV 309 to RV 313.***
16. *Final Budget Assumptions Summary for 2019/2020 is attached as **RV 314 to RV 319.***
17. *Final Budget Executive Summary for 2019/2020 is attached as **RV 320 to RV 328.***
18. *Procurement Plan for 2019/2020 is attached as **RV 329 to RV 330.***
19. *Revised Integrated Development Plan for 2019/2020 is attached as **RV 331 to RV 513.***

7. Besluit van die Raad / *Resolution of Council*

Dat die Raad die volgende goedkeur:

1. Begrotingsrede van die Burgemeester oor:

1.1 Die Finale Begroting vir Totale Inkomste vir 2019/2020 wat R304 250 632 bedra.

1.2 Die Finale Begroting vir Totale Kapitaal- en Bedryfsuitgawes vir 2019/2020 wat R304 055 607 bedra, asook aanduidende totale bedrae vir die tydperk van die Mediumtermynuitgaweraamwerk:

1.2.1 Finale Begroting vir Bedryfsuitgawes wat R255 183 007 bedra.

1.2.2 Finale Begroting vir Kapitale Uitgawes wat R48 872 600 bedra.

1.2.3 Aanwendingsbegrotingsposte volgens die regering se finansiële statistiek-funksies.

1.3 Verhoging van tariewe per tariefskedule

(i) Eiendomsbelasting
(ii) Elektrisiteit
(iii) Water
(iv) Vullisverwydering
(v) Riolering / Sanitasie
(vi) Sekondêre tariewe

1.4 Die Dienslewerings- en Begrotingsimplementeringsplan (DLBIP) vir elke Direktoraat, dit wil sê Munisipale Bestuurder, Korporatiewe Dienste, Gemeenskapsdienste, Finansiële Dienste en Infrastruktuurdienste, soos uiteengesit in elk van die Sleutelprestasiemetingsaanwysers wat gekoppel is aan die Sleutelprestasie-areas.

1.5 Ander begrotingsverwante dokumente

(k) 'n Opsomming van die Hersiene Geintegreerde Ontwikkelingsplan vir 2019/2020 wat gekoppel is aan die begroting soos uiteengesit in die Kapitaalbegroting en Bedryfsbegroting saam met die Munisipale Sektorplan vir Menslike Nedersettings wat goedgekeur moet word, onderworpe aan wysigings wat tyd tot tyd aangebring kan word.
(l) die Hersiene Eiendomsbelastingsbeleid
(m) die Hersiene Kredietbeheerbeleid
(n) die Hersiene Klientediensbeleid
(o) die Hersiene Behoeftigheidsbeleid tesame met die begroting vir gesubsideerde gratis dienste soos water, elektrisiteit, vullisverwydering en riolering
(p) die Hersiene Tariefbeleid vir water, elektrisiteit en ander munisipale dienste
(q) die Hersiene Beleggingsbeleid en Beleggingskedule
(r) ander sake soos voorgeskryf word in Artikel 17 (1)(a-e)
(s) Hersiene Voorsieningskanaalbestuursbeleid

(t) Hersiene Reis- en Verblyfbeleid

- Tabel van toekennings en subsidies ingevolge die Wet op Verdeling van Inkomste
- Voorgestelde vergoedingsuitgawes per tabel vir-

(c) (i) Raadslede
(ii) Burgemeester
(iii)Speaker
(iv)Lede van die Uitvoerende Komitee
(v) Ander gewone Raadslede

(d) (i) Munisipale Bestuurder
(ii) Hoof- Finansiële Beampte
(iii) Direkteur: Korporatiewe Dienste
(iv) Direkteur: Gemeenskapsdienste
(v) Direkteur: Infrastruktuurdienste
(vi) Ander Artikel 56-bestuurders

3. Hersiene Geintegreerde Ontwikkelingsplan vir 2019/2020.

3.1 Voorwoord van die Burgemeester oor die GOP.
3.2 Beknopte Oorsig van die GOP.
3.3 Hoofstuk 1: Inleiding en Doel van Oorsig.
3.4 Hoofstuk 2: Profiel en Omstandigheidsontleding van die Munisipale Gebied.
3.5 Hoofstuk 3: Oorsig van die 2018/2019 Profiel.
3.6 Hoofstuk 4: Strategiese Agenda.
3.7 Hoofstuk 5: Munisipale Vyfjaar-aksieplan 2019/2020.
3.8 Hoofstuk 6: Prestasiebestuurstelsel.
3.9 Hoofstuk 7: Insette van Sektordepartemente.

Voorgestel: Raadslid HJ Rust
Gesekondeer: Raadslid RR Faul

That Council approves the following:

1. The Mayor's budget speech on -

1.1 The Final Total Revenue Budget for 2019/2020 amounting to R304 250 632.
1.2 The Final Total Capital and Operating Budget for 2019/2020 amounting to R304 055 607 and also indicative total amounts for Medium Term Expenditure Framework:
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1.2.2 Final Capital Budget amounting to R48 872 600

1.2.3 The appropriation votes as per Government Finance Statistics (GF) Functions

1.3 Increase in tariffs as per tariff schedule
- *(i) Property Rates*
- *(ii) Electricity*
- *(iii)Water*
- *(iv)Refuse*
- *(v) Sewerage / Sanitation*
- *(vi) Secondary Tariffs*

1.4 The Services Delivery and Budget Implementation Plan (SDBIP) for each directorate i.e. Municipal Manager, Corporate Services, Community Services, Financial Services and Infrastructure Services as set out in each of the key performance measurement indicators which are aligned to the Key Performance Areas.

1.5. Other budget-related documents such as:
- *(a) A Summary of the Revised Integrated Development Plan for 2019/2020, which is linked to the budget as outlined in the Capital Budget and Operating Budget together with Municipal Human Settlements Sector Plan that must be approved, subject to changes that can be made from time to time.*
- *(b) the Revised Property Rates Policy*
- *(c) the Revised Credit Control Policy*
- *(d) the Revised Customer Care Policy*
- *(e) the Revised Indigent Policy, together with the budget for subsidized free basic services such as water, electricity, refuse and sewerage*
- *(f) the Revised Tariff Policy for water, electricity and other municipal services*
- *(g) the Investment Policy and Schedule of Investments*
- *(h) other matters as prescribed in Section 17(1)(a-e)*
- *(i) Revised SCM Policy*
- *(j) Revised Subsistence and Travel Policy*

- *Grants and subsidies schedule according to Division of Revenue Act (DORA)*
- *Proposed remuneration expenditure as per schedule for-*

(c) (i) Councillors
(ii) Mayor
(iii) Speaker
(iv) Members of Executive Committee
(v) Other Ordinary Councillors

(d) (i) Municipal Manager
(ii) Chief Financial Officer
(iii)Director: Corporate Services
(iv)Director: Community Services

(v) Director: Infrastructure Services
(vi) Other Section 56 managers

2. Revised Integrated Development Plan for 2019/2020

2.1 Mayor's Foreword to the IDP
2.2 Executive Summary of the IDP
2.3 Chapter 1: Introduction and Purpose of Review
2.4 Chapter 2: Profile and Situational Analysis of the Municipal Area
2.5 Chapter 3: Overview of 2018/2019 Profile
2.6 Chapter 4: Strategic Agenda
2.7 Chapter 5: Municipal five year Action Plan 2019/2020
2.8 Chapter 6: Performance Management System
2.9 Chapter 7: Sector Departments Input

Proposed: Councillor HJ Rust
Seconded: Councillor RR Faul

Executive Summary
Final Budget 2019/2020 MTEF

Council adopted the budget schedule at the end of August 2018 where after the IDP and the Budget processes started in earnest. Several consultative meetings, such as "Council meets the People", IDP Rep forums, Ward committee meetings were conducted to solicit the views, input, needs, etc. of the various communities of Emthanjeni Municipality. These has been recorded and taken into consideration when the Budget is aligned to the IDP.

The biggest rationale and political direction that were adhere to during the preparations of the budget were that Emthanjeni Municipality should enforce cash management efficient and effectively during the budget year as well as the MTEF. Cash management, collection of monies for municipal services and the payment by consumers must be prioritized are all costs to ensure that the municipality remains an economical viable municipality in Pixley Ka Seme District and one of the better municipalities within the province and country as a whole.

The budget was prepared in conjunction with the MFMA circulars 70, 71, 72, 74, 75, 78, 79, 82, 91, 93, 94 and other regulations.

A. IDP and linkage of IDP to budget (Capital Budget)

Last year May, Council adopted the revised IDP and since July 2018 the IDP public and sector meeting started with revision of the current IDP. As practice the revised IDP together will the Draft Budget will be tabled by the Mayor to Council during the Council meeting in March 2019. The public consultation processes as outline in Chapter 4 of the Municipal Systems Act ad Municipal Finance Management Act will then follows.

Communities re-assess their needs which forms part of the revised IDP document during the Budget feedback meetings. However all needs cannot be achieved, realized or addressed in one financial year or over one MTEF period.

Emthanjeni Municipality's total direct Capital Budget for 2019/2020 financial year amounts to R88 872 600.

The current linkage of the IDP to the budget is broken down as follows:

1.	**Capital Grants**	**R29 784 150**
1.1	Municipal Infrastructure Grant	R24 374 150
1.2	Regional Bulk Water Infrastructure Grant	R 3 910 000
1.2	Integrated National Electricity Programme (INEP)	R 1 500 000
2.	**Own Capital Funding**	**R 7 088 450**
	These capital projects will be finance from surplus internal funding. Projects includes	
2.1	Resealing and construction of new streets	R1 750 000
2.2	Machinery and Equipment amounts to	R 129 700
2.3	Building Renovations	R 514 500
2.4	Prepaid Electricity Meters	R 710 000
2.5	Grap Compliance: Clean Audit status	R 258 000
2.6	MSCOA Readiness	R1 623 500
2.7	Computer equipment and other smaller Capital Projects	R 365 750
3.	**Borrowed Capital**	**R12 000 000**
3.1	Procurement of new vehicles	R12 000 000

B. OPERATING BUDGET

1. Budgeted Income

1.1. Total expected Net Rates Income will be R31 046 846 (R29 289 478 in 2018/2019)

-The annual exemption remains R28 000 for residential properties
-Agricultural Properties will receive a rebate of 10% on their rates levies. A further 20% rebate will be granted to all farmers whose accounts are fully paid-up as at 30 June 2019 as well as those who settle all the arrears on the municipal account.

1.2 Other Levied Services budgeted income are almost R122 145 121

1.2.1 -Electricity amounts to R59 509 886
1.2.2 -Water amounts R31 866 448
1.2.3 -Sewerage amounts to R19 433 773
1.2.4 -Refuse removal amounts to R11 148 114
1.2.5 -Other service charges amounts to R186 899.

1.3 Fines will be budgeted for at gross amounts of R4 022 772

1.4 Licenses and permits will be R2 255 897

1.5 Rental of facilities and equipment expected income will be R891 029

1.6 Interest Income will be R2 483 999
1.6.1 External Investments amounts to R1 055 940
1.6.2 Interest charged on Arrear accounts amounts to R1 428 059

1.7 Operating Grants and Subsidies amount to R49 795 850

1.7.1 - Equitable Share	R44 900 000
1.7.2 -Finance Management Grant	R 1 700 000
1.7.3 -Library Development Fund	R 693 000
1.7.4 -EPWP	R 1 220 000

1.8 Other Budgeted Revenue R29 701 170

Prepaid Electricity Sales of R25 139 960 is included in the other budgeted revenue.

1.9 The Total Budgeted Revenue (Income) for the 2019/2020 Financial year amounts to R283 633 837. The total budgeted income consists out of

1.9.1 Capital Grants	R 31 067 000
1.9.2 Operating Grants and Subsidies	R 47 820 000
1.9.3 Own generation of budgeted income	R192 746 837
1.9.4 External Loan Funding	R 12 000 000

There is an increase in total budgeted income of 1.3% in relation to the previous year. This is mainly as a result of the reduction in Capital grants.

The main reasons for the increase are:

(i) **Total revenue for Rates and Taxes will decrease compared to the previous financial year, although valuations increased in the De Aar West for residential property owners. Although the rates tariff will decrease significantly in relation to the previous year, the rates levy will increase above the inflation rate for residential property owners in De Aar West, but in De Aar East, Nonzwakazi, Hanover and Britstown the property rates levies will reflect a decrease on the property rates accounts. The total exemption valuation (rebate amount) remains R28 000 to R15 000 as per the Municipal Property Rates Act.**

Agricultural property owners will also see a decrease in their levies. The other property categories rates and taxes will increased.

(ii) **Water, Sewerage and Refuse will be increase very conservatively by 6% in relation to the previous financial year.**

(iii) **Electricity tariffs will be increased by 13.07% as per NERSA guidelines discussion document and approval will have an impact on this final tariffs.**

(iv) **A very cautious and conservative approach were followed during the budget preparations. The current payment patterns of consumers played a crucial role in our budget approach.**

(v) **The Anticipated Budgeted Revenue for the majority of services has decrease from the previous year. This relates to the current economic conditions that exist nationally and within Emthanjeni Municipality.**

(vi) **The general increment of service tariffs and levies was followed as per MFMA guidelines.**

(vii) **The general apathy of non-payment for municipal services by the consumers will impact severely on service delivery and will contribute to non-payment of creditors and service providers.**

(viii) **Continuous Credit Control Mechanisms and the enforcement of credit control policies together with all budgetary policies cannot be more emphasize as it will impact negative or positive on the operations of the municipality.**

(ix) **The budget has been prepared on the basis of sustainable delivery and financial viability and cost effectiveness to render municipal services to its communities, residents and consumers on an ongoing, unstoppable basis. Payment for services by consumers cannot be emphasized more or enough.**

2. Expenditure

2.1 Salary and wages

-The total salaries and social contributions for the year amounts to **R87 969 408** (R82 425 774 in 2018/2019)
-Annual increase of 7.0 % has been provided in accordance with the SALGBC circular.
-The total salary package includes the salary of all the current personnel and some vacant positions. Not all posts on the approved organogram have been budgeted for in the 2019-2020 financial year. If we have to budget for all the positions, our salary budget will take up more than 70% of the municipal operating budget
-Efficient and effective alignment of staff, should to be undertaken to ensure overall productivity of staff within the municipality.
-The salary budget needs to be monitored as we must really assess the current staff and positions. The productivity of staff need to be prioritized as much more work must be done on this issue. New appointments must be reconsidered as the wage bill is increasing at an alarming rate.
-The salary percentage to the **Operating Budget is 35%** and to the **total capital and operating budget is +/- 29%**

2.2 Councillor Remuneration

-Councilor Remuneration amounts for **R6 235 295** (R5 839 932 in 2018/2019).

-Councillor remuneration has been provided a 7,0% increase on the current Public Officers Bearers Act, dated December 2017.

-the councilor remuneration percentage to the total capital and operating budget is +/-2%

The total salaries and wages, social contributions and councilor remuneration is 31% in relation to the total capital and operating budget.

2.3 Provision for Bad Debts, working capital reserve to R7 420 999 (R7 000 943 in 2018/2019)**.**

2.4 Net Impairment of assets & depreciation estimated at R10 174 871 (R9 598 935 in 2018/2019)

2.5 Repair and maintenance total estimation are R13 284 983 (R16 611 801 in 2018/2019) **which is being be split between Materials and Contracted Services.**

2.6 Contracted Services costs are budgeted for R9 805 139 (R9 558 187 in 2018/2019) which includes services such as

-Security Services	R3 500 000
-TVS Commission	R2 411 552
-Employee Wellness programme	R1 500 000

2.7 Capital Charges for interest on loans amounts to R2 038 213 (R1 428 525 in 2018/2019)**.**

2.8 Bulk Purchases for Water and Electricity amounts to R69 351 189

-Electricity amounts to R 66 580 670 (R62 224 926 in 2018/2019**). This increase represents mainly the guidelines as issued by NERSA.**
-Water amounts to R2 770 518 (R2 589 270 in 2018/2019).

The issue of the remuneration of Farmers for the mining of water whether through access or damage should be finalise before the end of the current financial year as the matter is not being finalized as a matter of urgency. An Equitable Damage costs for all farmers should be determine and concluded soon.

2.9 Operating Grants and subsidy expenditure amounts to R10 697 230, which are mostly spent on the 4000 Indigent Households for the subsidized free basic services provide to approved Indigent Households.

2.10 Capital Grants payments amounts to R31 067 000. These amounts are mainly recognized on the income side and also on the expenditure side. Projects will be for the Regional Bulk Infrastructure Grant (R3 910 000), Municipal Infrastructure Grant (R25 657 000) AND Integrated National Electricity Programme (R1 500 000).

2.11 Capital projects that are finance from own funds amounts to R5 351 450 (R5 643 450 in 2018/2019)**.**

2.12 The ward projects are finance from the repair and maintenance category of R2 400 000. Each ward has an allocation of R300 000 which need proper management and planning of developmental projects.

2.13 Other expenditure amounts to R30 200 852 (R28 479 152 in 2018/2019) **include some of activities that will take place amongst others:**

-Audit Fees	R3 400 000
-Telephone	R1 470 620
-Departmental Accounts (Water, Electricity, Street lighting, etc.)	R4 298 397
-Fuel and Oil	R3 250 866
-General Valuation Costs	R 431 844
-Insurance	R1 670 282
-Subsistence and Travel	R1 503 240
-SALGA Membership	R 802 500
-Electrical Rural Pump Costs for Water provision	R2 549 748
-Postage	R 355 191
-Stationery and Printing	R 916 950
-Spluma expenses	R 850 000
-Skills Development and Training	R 452 892
-Provision for Performance Bonuses	R 595 776
-Workmen's Compensation	R 299 536
-Medical Aid Council's Contribution to Continued Members	R 549 867

The major types have been decrease in relation to the previous year. A marginal increment was allocated at those expenditure types who increased. Real Budget Austerity measures are being introduce to monitor expenditure. Proper planning must be the order of the day when it comes to spending. A collective effort must be employed to eliminate non priority spending from all stakeholders in the municipality.

Strict control mechanisms must be enforced by Budget Drivers. Expenditure must be prioritized. Travelling expenses must be managed properly and only meetings that will add value to the municipality should be attended by Councillors and Officials of the municipality.

The Budgeted Expenditure for 2019/2020 are R299 805 463 which comprise of Operating Budget of R251 387 013 and the Capital budget of R48 418 450. This represents a decrease of +-0.04% in the relation to the previous year's Budget. Expenditure budgeting control will continue to be enforce strictly. The realization of revenue impacts on the expenditure management.

C.Tariff Increments

Tariffs expected increases for the 2019/2020 financial year are set out below. These are

1. Rates and taxes

- Residential properties will increased by 6% across the various categories of propertes.
- Agriculture properties will be levied according (residential properties) in the ratio 1:0,25 and must apply for the rebate of 18% before the end of August 2017.
- The owner must be at least sixty (65) years of age and total gross monthly income or earnings must not exceed

  (i) an amount of R5 200 to qualify for a 50% rates rebate

  (ii) an amount of R5 950 to qualify for a 45% rates rebate

  (iii) an amount of R6 750 to qualify for a 40% rates rebate

2. Electricity

- Basic fee will increase by 13.07%
- Conventional and Prepaid electricity tariffs will be increase (see tariff schedule
  - 1-50 kWh increase by 13.07 %
  - 51-350 kWh increase by 13.07%
  - 351 and more kWh units increase by 13.07%

2. Water

- Basic fee will increase by 6%.
- Water consumption will be increased by 6% in all blocks
- Water will be levied from the first kiloliter consumed for all consumers, except indigent consumers who will receive the first 6kl free.

4. Sewerage and sanitation

- Tariffs increased by 6%

5. Refuse removal

- Tariffs increased by 6%

6. All other secondary tariffs.

- Tariffs increased by 7%.

D.Indigent households

A total of almost 4400 indigent households are expected to receive subsidized services every month. The subsidizes services include

1. Rates (The first R15 000 of municipal valuation is exempted from paying Rates and taxes)	R 0
2. 50 kWh of electricity	R59,23
3. Water *(Policy makes provision that Indigent Households will receive 6kl of water).*	R119,86
4. Monthly sewerage	R208.09
5. Monthly refuse removal	R129.73
Total monthly subsidized services to Indigent Households	**R516.91**

Please note: Free Basic services amounts include Value added Tax (VAT)

The re-application of all Indigent Households for Subsidized services (FBS) can continued and be process early in the 2019/2020 financial year. ***The process needs to be completed by end of June 2019 in order to update our records and registers annually. Auditors are auditing the application process very intensively.***

J. CONCLUSION

The recceovery and collection for municipal services will depend on the strength of this budget. If consumers do not oay for their municipal accounts timeously, it will affect service deliverly as a whole.

The 2019/2020 budget is an budget to make services affordable to all consumers. It is a plan to implement the cross-cutting of expenditure. The budget testifies of the continuation with the developmental agenda to expand the infrastructure to new and higher levels. It also aims to continue with the creation of jobs, fighting poverty and most of all ensure that we invest in infrastructure assets of the Emthanjeni municipality.

The inflationary increases of tariffs are mainly focused on affordability and to ensure that we generated all revenue as budgeted for. Hence the low increment of operating expenditure and expenditure control that will be sharpened over the next financial year.

The Council commitment to create an conducive environment for Investors to invest in the economy of Emthanjeni municipality cannot be underestimated. The various economic initiatives are testimony of Council's commitment, readiness and ability to ensure that we continue with the path of National Development Plan.

The budget is prepared under the auspices and principles of revenue collection and the actual realization of budgeted revenue. Taking these principles into consideration which all of us must ensure that austerity measures are adhered to and implemented.

Sustainable service delivery still takes precedence in this final budget.

1.2 Operating Revenue Framework

For Emthanjeni to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times, strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty and socio economic conditions that affect rural areas. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 90 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.
- The recovering of outstanding arrears with the assistance of a debt collection firm.

The following table is a summary of the 2019/20 MTREF (classified by main revenue source): Table 1 Summary of revenue classified by main revenue source

NC073 Emthanjeni - Table A4 Budgeted Financial Performance (revenue and expenditure)			
Description	2019/20 Medium Term Revenue & Expenditure		
R thousand	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source			
Property rates	32 175	34 106	36 152
Service charges - electricity revenue	89 587	94 863	100 661
Service charges - water revenue	35 941	37 966	40 095
Service charges - sanitation revenue	20 431	21 554	22 730
Service charges - refuse revenue	11 716	12 359	13 029
Rental of facilities and equipment	1 078	1 152	1 230
Interest earned - external investments	2 056	2 200	2 354
Interest earned - outstanding debtors	1 428	1 528	1 635
Dividends received	–	–	–
Fines, penalties and forfeits	4 598	4 920	5 264
Licences and permits	2 259	2 417	2 586
Agency services	–	–	–
Transfers and subsidies	49 796	51 413	55 169
Other revenue	1 369	1 450	1 538
Gains on disposal of PPE	–	–	–
Total Revenue (excluding capital transfers and contributions)	252 434	265 929	282 443

Table 2 Percentage growth in revenue by main revenue source

NC073 Emthanjeni - Table A4 Budgeted Financial Performance (revenue and expenditure)								
Description			2019/20 Medium Term Revenue & Expenditure Framework					
R thousand	Pre-audit outcome	%increase/decrease	Budget Year 2019/20	%increase/ decrease	Budget Year +1 2020/21	%increase /decrease	Budget Year +2 2021/22	%increase /decrease
Revenue By Source								
Property rates	29 289	-8%	32 175	10%	34 106	6%	36 152	6%
Service charges - electricity revenue	56 141	-23%	89 587	60%	94 863	6%	100 661	6%
Service charges - water revenue	30 063	2%	35 941	20%	37 966	6%	40 095	6%
Service charges - sanitation revenue	18 334	6%	20 431	11%	21 554	5%	22 730	5%
Service charges - refuse revenue	10 517	68%	11 716	11%	12 359	5%	13 029	5%
Rental of facilities and equipment	833	-2%	1 078	29%	1 152	7%	1 230	7%
Interest earned - external investments	987	-33%	2 056	108%	2 200	7%	2 354	7%
Interest earned - outstanding debtors	1 335	-10%	1 428	7%	1 528	7%	1 635	7%
Dividends received	–	0%	–	0%	–	0%	–	0%
Fines, penalties and forfeits	3 760	-59%	4 598	22%	4 920	7%	5 264	7%
Licences and permits	2 108	29%	2 259	7%	2 417	7%	2 586	7%
Agency services	–	0%	–	0%	–	0%	–	0%
Transfers and subsidies	44 186	13%	49 796	13%	51 413	3%	55 169	7%
Other revenue	28 154	746%	1 369	-95%	1 450	6%	1 538	6%
Gains on disposal of PPE	200	-110%	–	-100%	–	0%	–	0%
Total Revenue (excluding capital transfers and contributions)	**172 499**	**6%**	**252 434**	46%	**265 929**	5%	**282 443**	6%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than ten percentage of the total revenue mix. In the 2019/20 financial year, revenue from rates and services charges totalled R189, 851 million or 75.21 %. This increases to R200, 848 million, and R212, 667 million in the respective financial years of the MTREF. A notable trend is the increase in the total percentage revenue generated from rates and services charges which increases from 60 per cent in 2019/20, to 6 per cent in 2020/21 and to 6 % in 2021/22. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the demand of electricity due to the various developments taking place in Emthanjeni Municipality. Eskom tariffs for bulk electricity. It is also worth noting that the increase in 2019/2020 financial the increase is so small due to a new valuation roll being implemented and a drop in the valuations results in a drop in rates revenue. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1.

The largest source of income is generated from Electricity which totals R89, 587. Water is the second largest revenue source totalling 35.49 per cent or R30, 063 million rand and increases to R37, 966 million by 2021/22. The third largest source is Property Rates and it followed by Sewerage revenue realised. The ‘other revenue’ which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R49, 796 million in the 2019/20 financial year and steadily increases to R55, 169 million by 2021/22.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Operating Transfers and Grant Receipts

NC073 Emthanjeni - Supporting Table SA18 Transfers and grant receipts			
Description	**2019/20 Medium Term Revenue &**		
R thousand	**Budget Year 2019/20**	**Budget Year +1 2020/21**	**Budget Year +2 2021/22**
RECEIPTS:			
Operating Transfers and Grants			
National Government:	**47 820**	**49 961**	**53 685**
Local Government Equitable Share	44 900	48 261	51 985
Finance Management	1 700	1 700	1 700
EPWP Incentive	1 220	–	–
Municipal Systems Improvement			
Provincial Government:	**693**	**823**	**823**
Sport and Recreation	693	823	823
District Municipality:	**–**	**–**	**–**
Other grant providers:	**–**	**–**	**–**
Total Operating Transfers and Grants	**48 513**	**50 784**	**54 508**

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of both Eskom and Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.2.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

Property Rates tariffs increased very conservatively since 2009.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

A new General Valuation Roll was implemented from 01 July 2017 the effect of the new valuation on the 2018-19 financial year is as follows:

- Total revenue for Rates and Taxes will decrease compared to the previous financial year, although valuations increased in the De Aar West for residential property owners.
- Although the rates tariff will decrease significantly in relation to the previous year, the rates levy will increase above the inflation rate for residential property owners in De Aar West, but in De Aar East, Nonzwakazi, Hanover and Britstown the property rates levies will reflect a decrease on the property rates accounts.
- Agricultural property owners will also see a decrease in their levies. The other property categories rates and taxes will increased.

The following stipulations in the Property Rates Policy are highlighted:

- The first R28 000 of the market value of a property used for residential purposes is Excluded from the rate-able value (Section 17(h) of the MPRA). 10 per cent rebate will be granted on all agricultural properties but must be applied for before 31 August 2019 as per the rates policy.
  An additional 20% will be granted to account holders (Agricultural properties) with no arrears on their municipal rates account or those consumers who wish to settle their arrears.
- Mining and Industrial property will increase higher than the other categories. Portions of farms which are exclusive used for renewable or solar energy will be part of this category of properties.
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy if the market value of their property is R28 000 or less.
- For pensioners a further rebate will be granted upon application and must the criteria as set out in the Rates Policy
- The Municipality may grants additional rates rebate in respect of properties owned by public benefit organisations and used for any specific benefit activities listed in Part 1 of the Nine Schedule to the Income Tax Act, after to the current property rates levy ratio of (1:0.25) is applied. Applications received after 31 August for the financial year in respect of which the application is made will only not be considered. The rates account must be paid up to date otherwise the application will be unsuccessful.
- Rebates will **only be granted on properties owned by the municipality and vacant municipal properties** which are sold to development or purchase subject to the conditions below.

Proper buildings and plants must be erected within six months after registration at the deeds office. Construction must be completed within one year in order to qualify for rates rebates. Failure to complete construction on these properties within one year after registration of properties at the deeds office, the municipality will used the building plans amount as a basis of municipal property valuation, and levy the properties accordingly.

Rebates will only be granted on vacant municipal land. The rebates will be implemented as follows:

First Year (Year 1)

A rebate of 100% on the municipal value will be allowed to these properties.

Second Year (Year 2)

A rebate of 100% on the municipal value will be allowed to these properties.

Third Year (Year 3)

A rebate of 60% on the municipal value will be allowed to these properties.

Fourth Year (Year 4)

A rebate of 40% on the municipal value will be allowed to these properties.

Fifth Year (Year 5)

A rebate of 20% on the municipal value will be allowed to these properties.

Sixth Year (Year 6)

A rebate of 0% on the municipal value will be allowed to these properties.

The rebates will be applicable on all these municipal properties where development has taken place since 01 July 2012.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2019/20 financial year based on a percentage increases(decreases) from 1 July 2019 is contained below:

Table 4 Comparison of proposed rates to be levied for the 2019/20 financial year

Category	Current Tariff (1 July 2018)	Proposed tariff (from 1 July 2019)
	c/R	c/R
Residential properties	0,011605	**0.012301**
Agricultural Properties (1:0.25 irt residential properties) (Agricultural Property must take note that the Nett Effect of the Agricultural Levy will be as follows:)*	0,002901	**0.003075**
State owned properties	0,020073	**0.021278**
Business & Guesthouses	0,016827	**0.017837**
Industrial	0,021184	**0.022455**
Place of Worship	0,011605	**0.012301**
Public Benefit Organization	0,002901	**0.003075**
Mining	0,021565	**-**
Vacant land	0,034503	**0.018287**
Farm property where a portion is used for renewable energy generation purpose	0,016827	**0.016907**

1.2.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2015.

Better maintenance of infrastructure, new water provision construction programmes and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Emthanjeni Municipality will increase water tariffs by 6 per cent from 1 July 2019.

Emthanjeni Municipality has undertaken a critical assessment of its capital infrastructure requirements. Regional Bulk Water's assessment indicates that for the extension of water resources in De Aar and Water's current infrastructure is unlikely to sustain its long-term ability to supply water and they had no other choice to upgrade infrastructure, hence the significant increase in the cost of water.

A tariff increase of 6 per cent from 1 July 2019 for water is proposed. This is based on input cost assumptions of between 6 to 15 per cent increase in the cost of bulk water to the water farmers. **In addition only Indigent Households will be getting the first 6 kilo-litres of water free as it is included their Free Basic Services Basket.**

A summary of the proposed tariffs for households (residential) and non-residential are as follows (these tariffs are exclusive of VAT):

Table 5 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2018/19	PROPOSED TARIFFS 2019/20
	Rand per kℓ	Rand Per kℓ
RESIDENTIAL		
Basic fee: Residential	68.29	72.39
(I) 1 to 6 kℓ per 30-day period	5,01	5.31
(ii) 7 to 15 kℓ per 30-day period	9,07	9.61
(iii) 16 to 30 kℓ per 30-day period	10,30	10.92
(iv) 31 to 45 kℓ per 30-day period	12,01	12.73
(v) 46 and 65 kℓ per 30-day period	12,61	13.37
(vi) 66 kℓ and more per 30-day period	13,87	14.71
NON-RESIDENTIAL		
Basic fee: Business	348.83	369.75
(I) 1 to 6 kℓ per 30-day period	5,01	5.31
(ii) 7 to 15 kℓ per 30-day period	9,07	9.61
(iii) 16 to 30 kℓ per 30-day period	10,30	10.92
(iv) 31 to 45 kℓ per 30-day period	12,01	12.73
(v) 46 and 65 kℓ per 30-day period	12,61	13.37
(vi) 66 kℓ and more per 30-day period	13,87	14.71

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house: (excluding VAT)

Table 6 Comparison between current water charges and increases (Domestic)

Monthly consumption kℓ	Current amount Payable R	Proposed amount Payable R	Difference (Increase) R	Percentage change
Basic Fee	68.29	72.39	4.10	6%
6	20.04	31.86	11.82	6%
15	81.63	86.49	4.86	6%
30	154.50	163.80	9.30	6%
45	180.15	190.96	10.81	6%
51	75.66	80.20	4.54	6%
100	679.63	720.41	40.78	6%

Emthanjeni Municipality tariff structure in 2019/20 has changed compared to that of 2018/19. The change being that all economic active residential consumers previously received 2kl of water free however economically active residents will be paying from the 1st kilolitre consumed. The tariff structure is still designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R14.71 per kilolitre for consumption in excess of 65kℓ per 30 day period.

1.2.3 Sale of Electricity and Impact of Tariff Increases

NERSA is in the process revised bulk electricity pricing structure, Final approval for electricity tariffs is still outstanding from NERSA.

Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs for domestic customers (excluding VAT):

Table 7 Comparison between current electricity charges and increases (Domestic)

Monthly consumption kWh	Current amount Payable R	Proposed amount Payable R	Difference (Increase) R	Percentage change
100	101.00	114.20	13.20	13.07%
250	172.50	195.05	22.55	13.07%
500	359.50	406.49	46.99	13.07%
750	451.00	509.95	58.95	13.07%
1 000	480.00	542.74	62.74	13.07%
2 000	1920.00	2170.94	250.94	13.07%

It should further be noted that Emthanjeni Municipality implemented the IBT as required by NERSA. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). Emthanjeni Municipality has implemented the Incline Block Tariff (IBT) structure since 01 July 2009.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the municipality. Most of the suburbs and network reticulation was designed or strengthened during the 1980's and 1990's with an expected 20-25 year life-expectancy. The upgrading of the municipality's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers.

1.2.4 Sanitation and Impact of Tariff Increases

A tariff increase of 6 per cent for sanitation from 1 July 2019 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes approximately between 20 - 30 per cent of waste water treatment input costs. The following factors also contribute to the proposed tariff increase:

- Free sanitation will be applicable to registered indigent households; and
- The network extension and upgrade of exiting purification plants will impact on tariffs over the MTEF period.

The total revenue expected to be generated from rendering this service amounts to R20, 431 million for the 2019/20 financial year.

The following table compares the current and proposed tariffs excluding VAT:

Table 8 Comparison between current sanitation charges and increases

CATEGORY	CURRENT TARIFF **2018/19**	**PROPOSED TARIFF 2019/20**
Residential Households	**169.08**	**179.22**
Business	**236.33**	**250.51**
Government	**318.67**	**337.79**

1.2.5 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

A 6 per cent increase in the waste removal tariff is proposed from 1 July 2019. Higher increases will not be viable in 2019/20 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services.

The following table compares current and proposed amounts payable from 1 July 2019 excluding VAT:

Table 9 Comparison between current waste removal fees and increases

Service	CURRENT TARIFFS 2018/19	PROPOSED TARIFFS 2019/20
Tariff per households container per month or part of a month:	**105,43**	**111.76**
Tariff per Special refuse removal *	**183,70**	**194.72**
Garden & Building rubble*	**369,49**	**391.66**
Solar Rubble per / Kg self-removal*	**49,38**	**52.34**
Solar Rubble per / Kg :Removal by the Municipality per truck*	**3 006,75**	**3187.16**

1.2.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Table 10 MBRR Table SA14 – Household bills

NC073 Emthanjeni - Supporting Table SA14 Household bills					
Description		2019/20 Medium Term Revenue & Expenditure Framework			
	Full Year Forecast	Budget Year 2019/20	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Rand/cent		**% incr.**			
Monthly Account for Household - 'Middle Income Range'					
Rates and services charges:					
Property rates	649.88	6.0%	688.87	730.21	774.02
Electricity: Basic levy	151.55	13.1%	171.36	183.35	194.35
Electricity: Consumption	3 484.00	13.1%	3 939.36	4 215.11	4 468.02
Water: Basic levy	68.29	6.0%	72.39	76.73	81.33
Water: Consumption	256.15	6.0%	271.52	287.81	305.08
Sanitation	169.06	6.0%	179.20	189.96	201.35
Refuse removal	105.43	6.0%	111.76	118.46	125.57
Other		6.0%			
sub-total	**4 884.36**	**11.3%**	**5 434.45**	**5 801.63**	**6 149.73**
VAT on Services	635.17		815.17	870.24	922.46
Total large household bill:	**5 519.53**	**13.2%**	**6 249.62**	**6 671.87**	**7 072.19**
% increase/-decrease	**–**		**13.2%**	**6.8%**	**6.0%**
Monthly Account for Household - 'Affordable Range'					
Rates and services charges:					
Property rates	456.46	6.0%	483.85	512.88	543.65
Electricity: Basic levy	151.55	13.1%	171.36	183.35	194.35
Electricity: Consumption	633.00	13.1%	715.73	765.83	811.78
Water: Basic levy	68.29	6.0%	72.39	76.73	81.33
Water: Consumption	204.70	6.0%	216.98	230.00	243.80
Sanitation	169.06	6.0%	179.20	189.96	201.35
Refuse removal	105.43	6.0%	111.76	118.46	125.57
Other					
sub-total	**1 788.49**	**9.1%**	**1 951.27**	**2 077.21**	**2 201.85**
VAT on Services	199.80		284.37	301.43	319.52
Total small household bill:	**1 988.29**	**12.4%**	**2 235.64**	**2 378.65**	**2 521.36**
% increase/-decrease	**–**		**12.4%**	**6.4%**	**6.0%**
	-				
Monthly Account for Household - 'Indigent' Household receiving free basic services					
Rates and services charges:					
Property rates	263.05	6.0%	278.83	295.56	313.30
Electricity: Basic levy	–		–	–	–
Electricity: Consumption	345.00	13.1%	390.09	417.40	442.44
Water: Basic levy	–		–	–	–
Water: Consumption	18.14	6.0%	19.23	20.38	21.61
Sanitation	–		–	–	–
Refuse removal	–		–	–	–
Other			–	–	–
sub-total	**626.19**	**9.9%**	**688.15**	**733.34**	**777.34**
VAT on Services	54.47	#NAME?	99.56	105.54	111.87
Total small household bill:	**680.66**	**15.7%**	**787.72**	**838.88**	**889.21**
% increase/-decrease	**–**		**15.7%**	**6.5%**	**6.0%**

1.3 Operating Expenditure Framework

Emthanjeni Municipality's expenditure framework for the 2019/20 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*.

The following table is a high level summary of the 2019/20 budget and MTREF (classified per main type of operating expenditure):

Table 11 Summary of operating expenditure by standard classification Item

NC073 Emthanjeni - Table A4 Budgeted Financial Performance (revenue and expenditure)			
Description	**2019/20 Medium Term Revenue & Expenditure Framework**		
R thousand	**Budget Year 2019/20**	**Budget Year +1 2020/21**	**Budget Year +2 2021/22**
Expenditure By Type			
Employee related costs	89 208	95 009	101 143
Remuneration of councillors	6 631	6 976	7 078
Debt impairment	7 421	7 866	8 378
Depreciation & asset impairment	10 175	10 785	11 369
Finance charges	2 038	1 915	1 478
Bulk purchases	74 329	79 532	85 099
Other materials	10 716	11 181	11 754
Contracted services	20 227	20 030	20 373
Transfers and subsidies	1 913	2 116	2 194
Other expenditure	22 492	20 305	22 068
Loss on disposal of PPE			
Total Expenditure	**245 151**	**255 715**	**270 934**

The budgeted allocation for employee related costs for the 2019/20 financial year totals R89, 208 million, which equals 36.39 per cent of the total operating expenditure. Salary budget increases for the next Financial Year will be provided for at an estimated level of at 7.0% The SALGBC circular provides for an increase of CPI + 1.5%.

As part of the Municipality's cost reprioritization and cash management strategy vacancies only departmental prioritization of critical vacancies within the Municipality has been budgeted for. In addition expenditure against overtime must significantly be managed to reduced costs, with provisions against this budget item only being provided for essential services and other critical functions.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 90 per cent and the Debt Write-off Policy of the Municipality. For the 2019/20 financial year this amount equates to R7, 421 million and escalates to R8, 378 million by 2021/22. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total a Net of R10, 175 million for the 2019/20 financial and equates to 4 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 0.83 per cent (R2. 038 million) of operating expenditure excluding annual redemption for 2019/20 and increases to R 1. 048 million by 2021/22.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Farmers within the municipal boundaries. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure.

Contracted services have been identified as a cost saving area for the Municipality. As part of the compilation of the 2019/20 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2019/20 financial year, this group of expenditure totals R12, 724 million and has decreased since last year. For the out year growth has been limited to 5% per cent. . Further details relating to contracted services can be seen in Table 64 MBRR SA1.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 0.25 per cent for 2019/20 and curbed at 2.62 and 5.7 per cent for the two outer years, indicating that significant cost savings have been already realised. Further details relating to contracted services can be seen in Table 64 MBRR SA1.

The following table gives a breakdown of the main operating expenditure categories for the 2019/20 financial year.

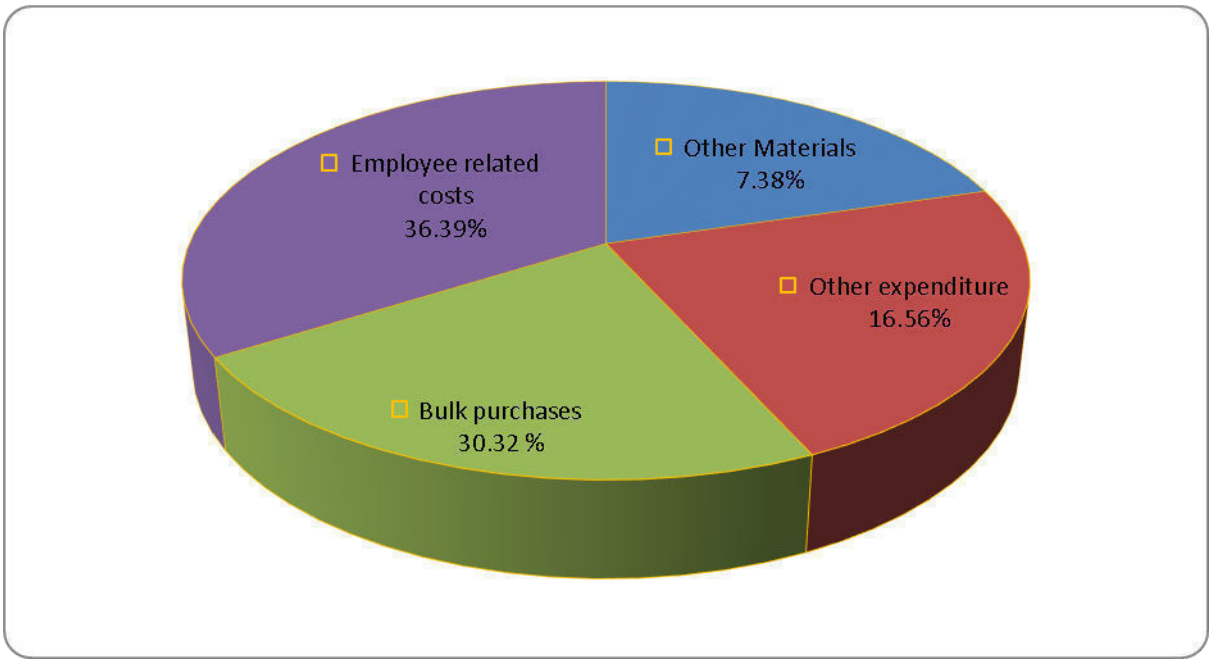


Figure 1 Main operational expenditure categories for the 2019/20 financial year

1.3.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2019/20 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 12 Operational repairs and maintenance

NC073 Emthanjeni - Supporting Table SA1 Supportinging detail to 'Budgeted Financial Performance'			
Description	2019/20 Medium Term Revenue & Expenditure Framework		
	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand			
Repairs and Maintenance by Expenditure Item			
Employee related costs	–	–	–
Other materials	8 032	8 418	8 827
Contracted Services	6 543	5 520	5 803
Other Expenditure			
Total Repairs and Maintenance Expenditure	14 575	13 938	14 630

During the compilation of the 2019/20 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, materials (repairs and maintenance) were gradually increased in the 2019/20 financial year, from R14, 575 million to R13, 938 million. As part of the 2019/20 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2019/20 equates to R14,575 million a growth of 8.8 per cent in relation to the Adjustment Budget and continues to grow at 7.3 and 7.7 per cent over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 8.57, 8.87 and 9.07 per cent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 13 Repairs and maintenance per asset class

Description	2018/19 Medium Term Revenue & Expenditure		
R thousand	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Repairs and maintenance expenditure by Asset Class/Sub-class			
Infrastructure	**4 234**	**4 543**	**4 893**
Roads Infrastructure	**401**	**431**	**464**
Roads	401	431	464
Storm water Infrastructure	**366**	**392**	**422**
Drainage Collection			
Storm water Conveyance	366	392	422
Attenuation			
Electrical Infrastructure	**1 885**	**2 022**	**2 178**
HV Transmission Conductors	1 302	1 397	1 505
Capital Spares	583	625	673
Water Supply Infrastructure	**1 502**	**1 611**	**1 735**
Dams and Weirs	244	262	282
Distribution	1 257	1 349	1 453
Sanitation Infrastructure	**81**	**87**	**94**
Reticulation	81	87	94
Solid Waste Infrastructure	–	–	–
Rail Infrastructure	–	–	–
Coastal Infrastructure	–	–	–
Information and Communication Infrastructure	–	–	–
Community Assets	**2 485**	**2 666**	**2 872**
Community Facilities	2 340	2 510	2 704
Taxi Ranks/Bus Terminals			
Capital Spares	2 340	2 510	2 704
Sport and Recreation Facilities	145	156	168
Indoor Facilities			
Outdoor Facilities	145	156	168
Capital Spares			
	1	1	1
Heritage assets	–	–	–
Investment properties	–	–	–
Revenue Generating	–	–	–
Non-revenue Generating	–	–	–
Other assets	**2 284**	**2 451**	**2 640**
Operational Buildings	2 284	2 451	2 640
Municipal Offices	2 070	2 221	2 392
Capital Spares	215	230	248
Housing	–	–	–
Biological or Cultivated Assets	–	–	–
Intangible Assets	**1 858**	**1 994**	**2 148**
Servitudes			
Licences and Rights	**1 858**	**1 994**	**2 148**
Computer Software and Applications	1 858	1 994	2 148
Computer Equipment	**761**	**816**	**879**
Computer Equipment	761	816	879
Furniture and Office Equipment	**1 087**	**1 166**	**1 256**
Furniture and Office Equipment	1 087	1 166	1 256
Machinery and Equipment	**1 174**	**1 260**	**1 357**
Machinery and Equipment	1 174	1 260	1 357
Transport Assets	**7 221**	**7 748**	**8 345**
Transport Assets	7 221	7 748	8 345
Libraries	–	–	–
Zoo's, Marine and Non-biological Animals	–	–	–
Total Repairs and Maintenance Expenditure	**21 104**	**22 645**	**24 389**

For the 2018/19 financial year, 20.06 per cent or R4, 234 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling 8.93 per cent (R1, 885 million), water infrastructure at 7.12 per cent (R1, 502 million). Community assets have been allocated R2, 485 million of total repairs and maintenance equating to 11.78 per cent.

1.3.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality Indigent Policy. The target is to register +/- 4 000 indigent households during the 2019/20 financial year, a process reviewed annually by the end of June 2019. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.4 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:
Table 14 2019/20 Medium-term capital budget per vote

Vote Description	2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital Expenditure - Functional			
Governance and administration	**2 441**	**2 587**	**2 742**
Executive and council	1 631	1 729	1 833
Finance and administration	809	858	909
Community and public safety	**134**	**142**	**150**
Community and social services	69	73	78
Sport and recreation	34	36	38
Public safety	30	32	34
Economic and environmental services	**40 609**	**15 709**	**16 518**
Road transport	40 609	15 709	16 518
Trading services	**5 689**	**4 136**	**4 363**
Energy sources	1 770	4 126	4 353
Water management	3 910	–	–
Waste management	9	10	10
Other	**–**	**–**	**–**
Total Capital Expenditure - Functional	**48 873**	**22 573**	**23 774**
Funded by:			
National Government	29 784	16 429	17 261
Provincial Government	–	–	–
District Municipality	–	–	–
Other transfers and grants	–	–	–
Transfers recognised - capital	**29 784**	**16 429**	**17 261**
Borrowing	12 000	–	–
Internally generated funds	7 088	6 144	6 513
Total Capital Funding	**48 873**	**22 573**	**23 774**

For 2019/20 an amount of R29, 784 million has been budgeted for the development of assets. Infrastructure Assets represents 64.16 per cent of the total capital budget. In the outer years this amount totals R16, 429 million, 75.39 per cent and R17, 261 million, 75.22 per cent respectively for each of the financial years. Road transport department receives the highest allocation of R40, 609 million followed by Water department of R3, 910 million in 2019/20 financial years. Roads will receive the highest allocation in 2020/21 as well as in 2021/22, this will amount to R15, 709 and R 16, 518 respectively.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

1.5 Annual Budget Tables - Emthanjeni Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2019/20 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

NC073 Emthanjeni - Table A1 Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Financial Performance										
Property rates	**26 117**	30 752	31 790	29 289	29 289	29 289	29 289	32 175	34 106	36 152
Service charges	106 891	118 289	126 070	124 091	115 055	115 055	115 055	157 675	166 742	176 515
Investment revenue	1 201	1 390	1 468	987	987	987	–	2 056	2 200	2 354
Transfers recognised - operational	40 635	40 221	39 109	44 186	44 186	44 186	–	49 796	51 413	55 169
Other own revenue	24 403	24 597	14 548	36 390	36 390	36 390	28 154	10 732	11 467	12 254
Total Revenue (excluding capital transfers and contributions)	199 248	215 249	212 986	234 944	225 907	225 907	172 499	252 434	265 929	282 443
Employee costs	70 984	68 489	143 006	82 291	82 291	82 291	82 291	89 208	95 009	101 143
Remuneration of councillors	4 401	4 835	5 335	5 840	5 840	5 840	–	6 631	6 976	7 078
Depreciation & asset impairment	62 117	59 128	62 755	9 599	9 599	9 599	9 599	10 175	10 785	11 369
Finance charges	1 761	3 365	8 175	2 219	2 219	2 219	–	2 038	1 915	1 478
Materials and bulk purchases	66 010	71 252	67 978	85 919	85 919	85 919	64 814	85 045	90 714	96 853
Transfers and grants	–	–	–	–	–	–	–	1 913	2 116	2 194
Other expenditure	60 319	69 741	64 643	60 295	58 320	58 320	51 107	50 140	48 201	50 819
Total Expenditure	265 592	276 811	351 892	246 162	244 187	244 187	207 811	245 151	255 715	270 934
Surplus/(Deficit)	(66 344)	(61 562)	(138 906)	(11 218)	(18 280)	(18 280)	(35 312)	7 283	10 213	11 509
Transfers and subsidies - capital (monetary allocatio	9 155	10 478	33 782	52 190	52 190	52 190	–	29 784	16 429	17 261
Contributions recognised - capital & contributed asse	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(57 190)	(51 085)	(105 124)	40 972	33 910	33 910	(35 312)	37 068	26 642	28 770
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(57 190)	(51 085)	(105 124)	40 972	33 910	33 910	(35 312)	37 068	26 642	28 770
Capital expenditure & funds sources										
Capital expenditure	**11 646**	20 832	33 178	58 436	58 436	58 436	–	48 873	22 573	23 774
Transfers recognised - capital	**10 195**	10 478	30 804	52 190	52 190	52 190	–	29 784	16 429	17 261
Borrowing	**1 156**	9 497	–	–	–	–	–	12 000	–	–
Internally generated funds	**295**	856	2 374	6 246	6 246	6 246	–	7 088	6 144	6 513
Total sources of capital funds	**11 646**	20 832	33 178	58 436	58 436	58 436	–	48 873	22 573	23 774
Financial position										
Total current assets	**138 300**	74 049	84 383	65 371	67 257	67 257	67 257	71 273	80 105	88 484
Total non current assets	**832 698**	867 266	860 127	1 147 680	1 143 852	1 143 852	1 143 852	911 213	933 799	957 150
Total current liabilities	**61 066**	69 777	94 970	52 820	55 647	55 647	55 647	63 668	68 373	70 627
Total non current liabilities	**47 126**	48 913	83 832	37 143	37 143	37 143	37 143	52 247	59 571	20 550
Community wealth/Equity	**862 806**	822 624	765 708	1 123 088	1 118 319	1 118 319	1 118 319	866 572	885 960	954 457
Cash flows										
Net cash from (used) operating	**21 912**	9 520	35 867	58 176	52 646	52 646	52 646	48 414	40 180	40 068
Net cash from (used) investing	**(11 554)**	(20 047)	(32 364)	(58 236)	(54 408)	(54 408)	(54 408)	(48 673)	(22 373)	(23 574)
Net cash from (used) financing	**(1 528)**	6 451	(3 344)	98	924	1 206	552	11 501	(433)	(361)
Cash/cash equivalents at the year end	**7 524**	3 448	2 943	977	2 105	2 387	1 733	12 521	29 895	46 029
Cash backing/surplus reconciliation										
Cash and investments available	**7 524**	3 473	2 971	1 007	2 893	2 893	2 893	826	1 108	454
Application of cash and investments	**1 862**	9 018	24 108	(7 947)	(4 964)	(4 964)	(7 434)	2 417	674	(3 368)
Balance - surplus (shortfall)	**5 662**	(5 545)	(21 136)	8 953	7 857	7 857	10 327	(1 591)	434	3 821
Asset management										
Asset register summary (WDV)	**868 249**	962 962	1 025 172	1 091 142	1 087 315	1 087 315	1 087 315	1 098 188	1 109 170	1 120 261
Depreciation	**62 117**	59 128	62 755	9 599	9 599	9 599	9 599	9 599	10 175	10 785
Renewal and Upgrading of Existing Assets	**1 210**	11 238	6 790	6 246	6 246	6 246	6 246	17 351	5 363	5 685
Repairs and Maintenance	**11 590**	12 225	8 040	21 104	21 104	21 104	21 104	14 575	13 938	14 630
Free services										
Cost of Free Basic Services provided	**–**	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	**–**	–	–	23 782	23 782	23 782	9 804	9 804	10 366	10 988
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	19	0	–	–	–	–	–	–	–	–
Energy:	1	1	1	1	1	1	0	0	0	–
Refuse:	–	–	–	–	–	–	–	–	–	–

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
    a. The operating surplus/(deficit) (after Total Expenditure) is positive over the MTREF
    b. Capital expenditure is balanced by capital funding sources, of which
        (i) Transfers recognised is reflected on the Financial Performance Budget;
        (ii) Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the adopted policies. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2019/20, when a small surplus is reflected.

5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2019/20 the free basic water will remain at 6kl for Indigent Households.

Table 15 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

NC073 Emthanjeni - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional										
Governance and administration		**46 161**	**52 456**	**53 968**	**53 962**	**53 962**	**53 962**	**60 075**	**63 935**	**68 110**
Executive and council		3 939	4 520	2 985	4 545	4 545	4 545	4 955	5 307	5 694
Finance and administration		42 222	47 936	50 983	49 418	49 418	49 418	55 120	58 628	62 417
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		**21 157**	**19 945**	**13 595**	**6 857**	**6 857**	**6 857**	**20 125**	**8 837**	**9 397**
Community and social services		1 906	1 976	1 777	1 542	1 542	1 542	1 602	1 794	1 862
Sport and recreation		182	172	148	173	173	173	12 126	198	212
Public safety		19 009	17 107	10 701	5 096	5 096	5 096	6 349	6 793	7 268
Housing		60	691	968	46	46	46	49	52	55
Health		–	–	1	–	–	–	–	–	–
Economic and environmental services		**9 382**	**7 905**	**15 089**	**13 506**	**13 592**	**13 592**	**3 043**	**578**	**619**
Planning and development		999	1 593	1 000	13 001	13 087	13 087	2 503	–	–
Road transport		8 383	6 312	14 088	505	505	505	540	578	619
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		**131 703**	**145 421**	**164 117**	**206 371**	**199 254**	**199 254**	**198 975**	**209 007**	**221 578**
Energy sources		72 801	73 287	84 033	87 524	85 411	85 411	95 304	114 872	121 758
Water management		27 000	33 071	46 094	74 586	74 084	74 084	41 053	43 459	46 009
Waste water management		19 900	25 041	22 822	27 823	25 377	25 377	44 927	31 896	33 866
Waste management		12 001	14 022	11 169	16 438	14 383	14 383	17 690	18 780	19 944
Other	4	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Revenue - Functional	2	**208 403**	**225 727**	**246 768**	**280 696**	**273 666**	**273 666**	**282 218**	**282 358**	**299 704**
Expenditure - Functional										
Governance and administration		**44 249**	**46 819**	**57 910**	**55 620**	**54 372**	**54 372**	**55 806**	**57 861**	**60 223**
Executive and council		12 357	9 161	19 419	14 956	16 005	16 005	16 109	17 014	17 582
Finance and administration		31 892	37 658	38 491	39 819	37 521	37 521	38 797	39 891	41 626
Internal audit		–	–	–	846	846	846	899	956	1 015
Community and public safety		**50 476**	**36 019**	**34 330**	**31 321**	**30 746**	**30 746**	**31 614**	**33 679**	**35 693**
Community and social services		27 338	19 711	19 040	13 559	13 408	13 408	14 102	15 061	15 961
Sport and recreation		3 979	4 225	4 301	5 388	5 268	5 268	4 959	5 278	5 618
Public safety		8 044	8 240	7 280	9 795	9 538	9 538	9 913	10 533	11 127
Housing		10 854	3 822	3 672	2 420	2 373	2 373	2 475	2 632	2 802
Health		262	21	37	160	158	158	165	175	185
Economic and environmental services		**34 353**	**35 453**	**37 185**	**30 120**	**32 561**	**32 561**	**30 679**	**32 391**	**34 231**
Planning and development		20 882	15 439	15 530	13 656	16 676	16 676	14 189	14 870	15 609
Road transport		13 471	20 014	21 654	16 465	15 885	15 885	16 489	17 521	18 622
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		**135 147**	**157 618**	**154 525**	**120 500**	**118 450**	**118 450**	**126 569**	**131 271**	**140 241**
Energy sources		69 876	90 423	96 539	78 885	78 127	78 127	88 174	92 054	98 877
Water management		25 637	34 937	29 571	14 355	14 076	14 076	14 707	15 633	16 513
Waste water management		30 037	18 541	16 923	15 570	15 055	15 055	11 906	11 054	11 520
Waste management		9 597	13 717	11 492	11 689	11 192	11 192	11 781	12 530	13 331
Other	4	**1 614**	**1 265**	**1 228**	**615**	**450**	**450**	**483**	**514**	**547**
Total Expenditure - Functional	3	**265 840**	**277 173**	**285 177**	**238 177**	**236 578**	**236 578**	**245 151**	**255 715**	**270 934**
Surplus/(Deficit) for the year		**(57 437)**	**(51 446)**	**(38 409)**	**42 520**	**37 087**	**37 087**	**37 068**	**26 642**	**28 770**

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 14 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 16 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

NC073 Emthanjeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote	1									
Vote 1 - EXECUTIVE AND COUNCIL		3 939	4 520	2 985	4 545	4 545	4 545	4 955	5 307	5 694
Vote 2 - FINANCE AND ADMINISTRATION		42 222	47 936	50 983	49 418	49 418	49 418	55 120	58 628	62 417
Vote 3 - PLANNING AND DEVELOPMENT		999	1 593	1 000	13 001	13 087	13 087	2 503	–	–
Vote 4 - HEALTH		–	–	1	–	–	–	–	–	–
Vote 5 - COMMUNITY AND SOCIAL SERVICES		1 906	1 976	1 777	1 542	1 542	1 542	1 602	1 794	1 862
Vote 6 - PUBLIC SAFETY		19 009	17 107	10 701	5 096	5 096	5 096	6 349	6 793	7 268
Vote 7 - SPORT AND RECREATION		182	172	148	173	173	173	12 126	198	212
Vote 8 - ROAD TRANSPORT		8 383	6 312	14 088	505	505	505	540	578	619
Vote 9 - OTHER		–	–	–	–	–	–	–	–	–
Vote 10 - HOUSING SERVICES		60	691	968	46	46	46	49	52	55
Vote 11 - WASTE MANAGEMENT		12 001	14 022	11 169	18 006	15 950	15 950	17 690	18 780	19 944
Vote 12 - WASTE WATER MANAGEMENT		19 900	25 041	22 822	29 552	27 106	27 106	44 927	31 896	33 866
Vote 13 - ELECTRICITY		72 801	73 287	84 033	88 946	86 713	86 713	95 304	114 872	121 758
Vote 14 - WATER		27 000	33 071	46 094	69 866	69 484	69 484	41 053	43 459	46 009
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	**208 403**	**225 727**	**246 768**	**280 696**	**273 666**	**273 666**	**282 218**	**282 358**	**299 704**
Expenditure by Vote *to be appropriated*	1									
Vote 1 - EXECUTIVE AND COUNCIL		12 357	9 161	19 419	15 901	16 792	16 792	17 008	17 970	18 597
Vote 2 - FINANCE AND ADMINISTRATION		31 892	37 658	38 491	39 513	37 543	37 543	38 797	39 891	41 626
Vote 3 - PLANNING AND DEVELOPMENT		20 882	15 439	15 530	13 761	16 916	16 916	14 189	14 870	15 609
Vote 4 - HEALTH		262	21	37	160	158	158	165	175	185
Vote 5 - COMMUNITY AND SOCIAL SERVICES		27 338	19 711	19 040	13 559	13 471	13 471	14 102	15 061	15 961
Vote 6 - PUBLIC SAFETY		8 044	8 240	7 280	9 795	9 530	9 530	9 913	10 533	11 127
Vote 7 - SPORT AND RECREATION		3 979	4 225	4 301	5 388	5 233	5 233	4 959	5 278	5 618
Vote 8 - ROAD TRANSPORT		13 471	20 014	21 654	18 032	17 402	17 402	16 489	17 521	18 622
Vote 9 - OTHER		1 614	1 265	1 228	697	536	536	483	514	547
Vote 10 - HOUSING SERVICES		10 854	3 822	3 672	2 420	2 373	2 373	2 475	2 632	2 802
Vote 11 - WASTE MANAGEMENT		9 597	13 717	11 492	13 257	12 784	12 784	11 781	12 530	13 331
Vote 12 - WASTE WATER MANAGEMENT		30 037	18 541	16 923	17 300	16 785	16 785	11 906	11 054	11 520
Vote 13 - ELECTRICITY		69 876	90 423	96 539	73 909	72 785	72 785	88 174	92 054	98 877
Vote 14 - WATER		25 637	34 937	29 571	16 073	15 808	15 808	14 707	15 633	16 513
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	**265 840**	**277 173**	**285 177**	**239 764**	**238 115**	**238 115**	**245 151**	**255 715**	**270 934**
Surplus/(Deficit) for the year	2	**(57 437)**	**(51 446)**	**(38 409)**	**40 933**	**35 550**	**35 550**	**37 068**	**26 642**	**28 770**

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 17: Surplus/(Deficit) calculations for the trading services

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote	1									
ELECTRICITY										
Total Revenue including capital grants and transfers		75 391	76 922	90 612	93 366	91 133	91 133	95 304	116 642	125 885
less Operating Expenses		69 876	90 423	96 539	73 909	72 785	72 785	88 174	92 054	98 877
Surplus/(Deficit) for the year		**5 515**	**(13 500)**	**(5 927)**	**19 457**	**18 349**	**18 349**	**7 130**	**24 588**	**27 008**
WATER										
Total Revenue including capital grants and transfers		27 014	34 355	55 919	106 485	106 103	106 103	41 053	47 369	46 009
less Operating Expenses		25 637	34 937	29 571	16 073	15 808	15 808	14 707	15 633	16 513
Surplus/(Deficit) for the year		**1 377**	**(582)**	**26 348**	**90 412**	**90 295**	**90 295**	**26 346**	**31 736**	**29 496**

- The electricity trading surplus increases over the 2019/20 MTREF in terms of rand value from R7, 130 million to R27, 008 throughout the MTREF. This is primarily as a result of capital projects and grants as well as the high increases in Eskom bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers.
- The surplus on the water account is hugely inflated due to capital projects that will take place remains positive over the MTREF translating into a surplus of R26 346 million, R31 736 million and R296 496 million for each of the respective financial years. The surplus excludes the capital expenditure that will be incur during the 2019/20 financial year.
- Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, and are not used to cross-subsidise other municipal services.

Table 18 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

NC073 Emthanjeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source											
Property rates	2	26 117	30 752	31 790	29 289	29 289	29 289	29 289	32 175	34 106	36 152
Service charges - electricity revenue	2	67 805	76 314	72 882	58 374	56 141	56 141	56 141	89 587	94 863	100 661
Service charges - water revenue	2	22 236	24 128	29 572	32 365	30 063	30 063	30 063	35 941	37 966	40 095
Service charges - sanitation revenue	2	10 937	11 622	17 344	20 780	18 334	18 334	18 334	20 431	21 554	22 730
Service charges - refuse revenue	2	5 913	6 225	6 273	12 572	10 517	10 517	10 517	11 716	12 359	13 029
Rental of facilities and equipment		788	833	852	833	833	833	–	1 078	1 152	1 230
Interest earned - external investments		1 201	1 390	1 468	987	987	987	–	2 056	2 200	2 354
Interest earned - outstanding debtors		558	882	1 479	1 335	1 335	1 335	–	1 428	1 528	1 635
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		19 399	16 970	9 202	3 760	3 760	3 760	–	4 598	4 920	5 264
Licences and permits		520	1 441	1 630	2 108	2 108	2 108	–	2 259	2 417	2 586
Agency services		–	–		–	–	–	–	–	–	–
Transfers and subsidies		40 635	40 221	39 109	44 186	44 186	44 186	–	49 796	51 413	55 169
Other revenue	2	3 138	3 757	3 329	28 154	28 154	28 154	28 154	1 369	1 450	1 538
Gains on disposal of PPE		–	714	(1 945)	200	200	200	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		**199 248**	**215 249**	**212 986**	**234 944**	**225 907**	**225 907**	**172 499**	**252 434**	**265 929**	**282 443**
Expenditure By Type											
Employee related costs	2	70 984	68 489	143 006	82 291	82 291	82 291	82 291	89 208	95 009	101 143
Remuneration of councillors		4 401	4 835	5 335	5 840	5 840	5 840	–	6 631	6 976	7 078
Debt impairment	3	30 653	35 755	25 376	7 213	7 213	7 213	–	7 421	7 866	8 378
Depreciation & asset impairment	2	62 117	59 128	62 755	9 599	9 599	9 599	9 599	10 175	10 785	11 369
Finance charges		1 761	3 365	8 175	2 219	2 219	2 219	–	2 038	1 915	1 478
Bulk purchases	2	54 420	59 027	59 938	64 814	64 814	64 814	64 814	74 329	79 532	85 099
Other materials	8	11 590	12 225	8 040	21 104	21 104	21 104	–	10 716	11 181	11 754
Contracted services		9 082	8 358	5 288	12 312	10 312	10 312	10 312	20 227	20 030	20 373
Transfers and subsidies		–	–	–	–	–	–	–	1 913	2 116	2 194
Other expenditure	4, 5	20 173	25 125	32 034	40 770	40 795	40 795	40 795	22 492	20 305	22 068
Loss on disposal of PPE		411	502	1 945							
Total Expenditure		**265 592**	**276 811**	**351 892**	**246 162**	**244 187**	**244 187**	**207 811**	**245 151**	**255 715**	**270 934**
Surplus/(Deficit)		**(66 344)**	**(61 562)**	**(138 906)**	**(11 218)**	**(18 280)**	**(18 280)**	**(35 312)**	**7 283**	**10 213**	**11 509**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		9 155	10 478	33 782	52 190	52 190	52 190	–	29 784	16 429	17 261
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		**(57 190)**	**(51 085)**	**(105 124)**	**40 972**	**33 910**	**33 910**	**(35 312)**	**37 068**	**26 642**	**28 770**
Taxation											
Surplus/(Deficit) after taxation		**(57 190)**	**(51 085)**	**(105 124)**	**40 972**	**33 910**	**33 910**	**(35 312)**	**37 068**	**26 642**	**28 770**
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		**(57 190)**	**(51 085)**	**(105 124)**	**40 972**	**33 910**	**33 910**	**(35 312)**	**37 068**	**26 642**	**28 770**
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		**(57 190)**	**(51 085)**	**(105 124)**	**40 972**	**33 910**	**33 910**	**(35 312)**	**37 068**	**26 642**	**28 770**

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R282, 218 million in 2019/20 and increases to R299, 704 million by 2021/22. This represents a decrease of 10.8 per cent for the 2019/20 financial year and increases by 4.32 per cent for the 2020/21 financial year.

2. Revenue to be generated from property rates is R29, 289 million in the 2018/19 financial year and increases to R36, 152 million by 2021/22 which represents 10.25 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 6 per cent across the MTREF with the exception to electricity tariffs which has been increased by 13,07% in 2019/20.

3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R157,675 million for the 2019/20 financial year and increasing to R166, 742 million by 2020/21 and increasing to R176, 515 million by 2021/22. For the 2019/20 financial year services charges amount to 56.33 per cent of the total revenue base and decrease by 8.84per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.

4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government increases over the 2019/20 MTREF, in 2019/20 it increases 8.40 per cent and then increases by 15.05 per cent 2020/21. The percentage share of this revenue source declines due to the more rapid relative growth in service charge revenues.

5. Bulk purchases have significantly increased over the 2015/16 to 2021/22 period escalating from R54, 049 million to R85, 099 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from the water contracts with farmers. As well as the increase in demand for the above mentioned commodities.

6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Vote										
Multi-year expenditure *to be appropriated*	2									
Capital multi-year expenditure sub-total	7	–	–	–	–	–	–	–	–	–
Single-year expenditure *to be appropriated*	2									
Vote 1 - EXECUTIVE AND COUNCIL		161	30	1 205	1 636	1 631	1 631	1 631	1 729	1 833
Vote 2 - FINANCE AND ADMINISTRATION		481	123	386	1 071	809	809	809	858	909
Vote 3 - PLANNING AND DEVELOPMENT		295	7	31	–	–	–	–	–	–
Vote 5 - COMMUNITY AND SOCIAL SERVICES		179	409	139	102	69	69	69	73	78
Vote 6 - PUBLIC SAFETY		79	531	34	48	30	30	30	32	34
Vote 7 - SPORT AND RECREATION		–	2	–	55	34	34	34	36	38
Vote 8 - ROAD TRANSPORT		6 673	9 433	14 974	14 462	16 098	16 098	40 609	15 709	16 518
Vote 10 - HOUSING SERVICES		–	5 213	3	–	–	–	–	–	–
Vote 11 - WASTE MANAGEMENT		–	2	–	22	9	9	9	10	10
Vote 12 - WASTE WATER MANAGEMENT		1 173	164	–	–	–	–	–	–	–
Vote 13 - ELECTRICITY		2 589	3 635	6 579	4 420	4 270	4 270	1 770	4 126	4 353
Vote 14 - WATER		14	1 284	9 825	36 619	34 969	34 969	3 910	–	–
Capital single-year expenditure sub-total		**11 646**	**20 832**	**33 178**	**58 436**	**57 920**	**57 920**	**48 873**	**22 573**	**23 774**
Total Capital Expenditure - Vote		**11 646**	**20 832**	**33 178**	**58 436**	**57 920**	**57 920**	**48 873**	**22 573**	**23 774**
Capital Expenditure - Functional										
Governance and administration		**642**	**153**	**1 591**	**2 707**	**2 707**	**2 707**	**2 441**	**2 587**	**2 742**
Executive and council		161	30	1 205	1 636	1 636	1 636	1 631	1 729	1 833
Finance and administration		307	98	386	791	791	791	809	858	909
Internal audit		174	25	–	281	281	281	–	–	–
Community and public safety		**258**	**6 155**	**177**	**206**	**206**	**206**	**134**	**142**	**150**
Community and social services		179	409	139	102	102	102	69	73	78
Sport and recreation		–	2	–	55	55	55	34	36	38
Public safety		79	531	34	48	48	48	30	32	34
Housing		–	5 213	3	–	–	–	–	–	–
Economic and environmental services		**6 968**	**9 440**	**15 006**	**14 462**	**14 462**	**14 462**	**40 609**	**15 709**	**16 518**
Planning and development		295	7	31	–	–	–	–	–	–
Road transport		6 673	9 433	14 974	14 462	14 462	14 462	40 609	15 709	16 518
Trading services		**3 776**	**5 084**	**16 404**	**41 061**	**41 061**	**41 061**	**5 689**	**4 136**	**4 363**
Energy sources		2 589	3 635	6 579	4 420	4 420	4 420	1 770	4 126	4 353
Water management		14	1 284	9 825	36 619	36 619	36 619	3 910	–	–
Waste water management		1 173	164	–	–	–	–	–	–	–
Waste management		–	2	–	22	22	22	9	10	10
Other			–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	3	**11 646**	**20 832**	**33 178**	**58 436**	**58 436**	**58 436**	**48 873**	**22 573**	**23 774**
Funded by:										
National Government		10 195	10 478	30 804	52 190	52 190	52 190	29 784	16 429	17 261
Transfers recognised - capital	4	**10 195**	**10 478**	**30 804**	**52 190**	**52 190**	**52 190**	**29 784**	**16 429**	**17 261**
Borrowing	6	1 156	9 497	–	–	–	–	12 000	–	–
Internally generated funds		295	856	2 374	6 246	6 246	6 246	7 088	6 144	6 513
Total Capital Funding	7	**11 646**	**20 832**	**33 178**	**58 436**	**58 436**	**58 436**	**48 873**	**22 573**	**23 774**

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2019/20 has been allocated of the total R0 capital budget.

3. Single-year capital expenditure has been appropriated at R48, 873 million for the 2019/20 financial year and remains relatively constant over the MTREF.

4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

5. The capital programme is funded from capital and provincial grants and transfers, internally generated funds from current year surpluses as well as borrowings from financial institutions. For 2019/20, capital transfers totals R29, 784 million (64.16%), decreases to R16, 429 million by 2020/21 (75.39%) and then increases to R17, 261 million in 2021/22 (75.22%). Internally generated funding totaling R7, 088 million, R6, 144 million and R6, 513 million for each of the respective financial years of the MTREF. The municipality does not plan to enter into any borrowings over the 2019/20 MTREF.
   These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 19 MBRR Table A6 - Budgeted Financial Position

NC073 Emthanjeni - Table A6 Budgeted Financial Position											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
ASSETS											
Current assets											
Cash		14 845	10 702	12 826	179	179	179	179	83	83	83
Call investment deposits	1	–	–	–	8 416	10 302	10 302	10 302	8 483	8 843	8 306
Consumer debtors	1	60 532	62 890	71 098	56 306	56 306	56 306	56 306	62 218	70 676	79 584
Other debtors		–	–	–	–	–	–	–	–	–	–
Current portion of long-term receivables		2	5	5	5	5	5	5	5	5	5
Inventory	2	62 922	452	454	465	465	465	465	484	498	506
Total current assets		**138 300**	**74 049**	**84 383**	**65 371**	**67 257**	**67 257**	**67 257**	**71 273**	**80 105**	**88 484**
Non current assets											
Long-term receivables		1	1	2	2	2	2	2	2	2	1 523.28
Investments		–	25	28	29	29	29	29	29	29	29
Investment property		5 018	78 577	76 955	78 970	78 970	78 970	78 970	79 365	80 158	80 559
Investment in Associate		26	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	827 558	788 593	782 998	1 068 290	1 064 462	1 064 462	1 064 462	831 416	853 208	876 154
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		82	61	137	382	382	382	382	394	394	398
Other non-current assets		12	7	7	8	8	8	8	8	8	8
Total non current assets		**832 698**	**867 266**	**860 127**	**1 147 680**	**1 143 852**	**1 143 852**	**1 143 852**	**911 213**	**933 799**	**957 150**
TOTAL ASSETS		**970 999**	**941 314**	**944 510**	**1 213 051**	**1 211 109**	**1 211 109**	**1 211 109**	**982 487**	**1 013 904**	**1 045 634**
LIABILITIES											
Current liabilities											
Bank overdraft	1	7 321	7 255	9 883	7 617	7 617	7 617	7 617	7 770	7 847	7 965
Borrowing	4	1 065	3 433	5 773	3 527	3 527	3 527	3 527	527	448	381
Consumer deposits		2 193	2 269	2 346	2 529	2 529	2 529	2 529	2 557	2 572	2 592
Trade and other payables	4	49 018	55 309	76 969	37 182	40 010	40 010	40 010	50 811	55 492	57 671
Provisions		1 469	1 511	–	1 964	1 964	1 964	1 964	2 003	2 013	2 017
Total current liabilities		**61 066**	**69 777**	**94 970**	**52 820**	**55 647**	**55 647**	**55 647**	**63 668**	**68 373**	**70 627**
Non current liabilities											
Borrowing		619	4 702	36 896	–	–	–	–	11 473	11 025	10 644
Provisions		46 507	44 211	46 937	37 143	37 143	37 143	37 143	40 774	48 546	9 906
Total non current liabilities		**47 126**	**48 913**	**83 832**	**37 143**	**37 143**	**37 143**	**37 143**	**52 247**	**59 571**	**20 550**
TOTAL LIABILITIES		**108 193**	**118 690**	**178 802**	**89 962**	**92 790**	**92 790**	**92 790**	**115 915**	**127 944**	**91 176**
NET ASSETS	5	**862 806**	**822 624**	**765 708**	**1 123 088**	**1 118 319**	**1 118 319**	**1 118 319**	**866 572**	**885 960**	**954 457**
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		862 806	822 624	765 708	1 123 088	1 118 319	1 118 319	1 118 319	866 572	885 960	954 457
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	**862 806**	**822 624**	**765 708**	**1 123 088**	**1 118 319**	**1 118 319**	**1 118 319**	**866 572**	**885 960**	**954 457**

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
   - Call investments deposits;
   - Consumer debtors;
   - Property, plant and equipment;
   - Trade and other payables;
   - Provisions non - current;
   - Changes in net assets; and
   - Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 20 MBRR Table A7 - Budgeted Cash Flow Statement

NC073 Emthanjeni - Table A7 Budgeted Cash Flows

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		19 106	22 851	15 202	27 584	27 584	27 584	27 584	29 923	28 990	30 729
Service charges		94 706	102 703	99 013	118 106	109 069	109 069	109 069	142 512	147 680	155 773
Other revenue		8 813	9 811	15 411	33 406	33 406	33 406	33 406	8 290	8 744	9 368
Government - operating	1	42 853	34 943	41 316	44 186	44 272	44 272	44 272	49 796	51 413	55 169
Government - capital	1	10 775	14 617	33 782	52 190	53 990	53 990	53 990	29 784	16 429	17 261
Interest		1 760	2 272	1 468	2 055	2 055	2 055	2 055	2 056	2 200	2 354
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(154 090)	(174 312)	(165 807)	(217 131)	(216 301)	(216 301)	(216 301)	(223 603)	(229 079)	(243 703)
Finance charges		(1 761)	(3 365)	(4 002)	(2 219)	(1 429)	(1 429)	(1 429)	(2 038)	(2 242)	(2 466)
Transfers and Grants	1	(247)	–	(516)	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**21 912**	**9 520**	**35 867**	**58 176**	**52 646**	**52 646**	**52 646**	**36 719**	**24 136**	**24 484**
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		91	94	27	200	200	200	200	200	200	200
Decrease (Increase) in non-current debtors		–	–	(0)	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables		–	(0)	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		(11 646)	(20 141)	(32 391)	(58 436)	(54 608)	(54 608)	(54 608)	(48 873)	(22 573)	(23 774)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(11 554)**	**(20 047)**	**(32 364)**	**(58 236)**	**(54 408)**	**(54 408)**	**(54 408)**	**(48 673)**	**(22 373)**	**(23 574)**
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	826	1 108	454	–	–	–
Borrowing long term/refinancing		1 156	9 497	45	3 527	3 527	3 527	3 527	12 000	–	–
Increase (decrease) in consumer deposits		–	–	–	98	98	98	98	28	15	20
Payments											
Repayment of borrowing		(2 684)	(3 046)	(3 388)	(3 527)	(3 527)	(3 527)	(3 527)	(527)	(580)	(638)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**(1 528)**	**6 451**	**(3 344)**	**98**	**924**	**1 206**	**552**	**11 501**	**(565)**	**(618)**
NET INCREASE/ (DECREASE) IN CASH HELD		**8 830**	**(4 076)**	**159**	**37**	**(838)**	**(556)**	**(1 211)**	**(453)**	**1 198**	**292**
Cash/cash equivalents at the year begin:	2	**(1 306)**	**7 524**	**2 784**	**940**	**2 943**	**2 943**	**2 943**	**1 279**	**826**	**2 024**
Cash/cash equivalents at the year end:	2	**7 524**	**3 448**	**2 943**	**977**	**2 105**	**2 387**	**1 733**	**826**	**2 024**	**2 316**

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.

2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

3. It can be seen that the cash levels of the Municipality decreased slightly over the 2019/20 MTREF.

4. The 2014/15 year provide for a net decrease in cash of R1 539 million for the 2015/16 financial year resulting in an overall cash position of R7 524 million at year end.

5. In 2018/19 the Municipality will undertake an extensive debt collection drive resulting in cash receipts on arrear debtors, these interventions translated into a net cash position.

6. The 2019/20 has been informed by the planning principle of ensuring adequate cash reserves over the medium-term and after the adjustment budget process it became clear that huge amount of funds would become necessary in the next financial year to acquire new fleet which would curb raising costs of repairs and maintenance.

7. In the 2019/20 MTREF expected cash and cash equivalents totals R0.826 million as at the end of the 2019/20 financial year and decreases to R2.316 million by 2021/22.

Table 21 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

NC073 Emthanjeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash and investments available											
Cash/cash equivalents at the year end	1	7 524	3 448	2 943	977	2 105	2 387	1 733	270	1 468	1 760
Other current investments > 90 days		(0)	(0)	0	(0)	758	476	1 131	527	(389)	(1 336)
Non current assets - Investments	1	–	25	28	29	29	29	29	29	29	29
Cash and investments available:		**7 524**	**3 473**	**2 971**	**1 007**	**2 893**	**2 893**	**2 893**	**826**	**1 108**	**454**
Application of cash and investments											
Unspent conditional transfers		4 748	4 974	–	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2		998		283	283	283	283	311	333	353
Other working capital requirements	3	(2 886)	1 104	24 108	(16 014)	(13 031)	(13 031)	(15 501)	(5 315)	(6 230)	(11 635)
Other provisions			1 942		7 785	7 785	7 785	7 785	7 421	7 866	8 378
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		**1 862**	**9 018**	**24 108**	**(7 947)**	**(4 964)**	**(4 964)**	**(7 434)**	**2 417**	**1 969**	**(2 905)**
Surplus(shortfall)		**5 662**	**(5 545)**	**(21 136)**	**8 953**	**7 857**	**7 857**	**10 327**	**(1 591)**	**(861)**	**3 358**

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2016/17 MTREF was funded owing to the surplus.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2019/20MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 22 MBRR Table A9 - Asset Management

NC073 Emthanjeni - Table A9 Asset Management										
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CAPITAL EXPENDITURE										
Total New Assets	1	10 436	9 594	34 991	52 190	53 990	53 990	31 067	16 429	17 261
Roads Infrastructure		6 673	5 831	–	12 001	12 001	12 001	25 657	12 589	13 211
Storm water Infrastructure		–	–	10 292	–	–	–	–	–	–
Electrical Infrastructure		2 589	2 589	7 500	13 500	13 500	13 500	1 500	3 840	4 050
Water Supply Infrastructure		–	–	17 199	26 689	28 489	28 489	3 910	–	–
Sanitation Infrastructure		1 173	1 173	–	–	–	–	–	–	–
Infrastructure		***10 436***	***9 594***	***34 991***	***52 190***	***53 990***	***53 990***	***31 067***	***16 429***	***17 261***
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	2	1 210	11 238	6 790	6 246	6 246	6 246	17 351	5 363	5 685
Roads Infrastructure		–	691	2 800	2 000	2 000	2 000	1 750	1 855	1 966
Electrical Infrastructure		–	–	500	–	–	–	–	–	–
Water Supply Infrastructure		–	–	80	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	22	400	400	400	–	–	–
Infrastructure		–	***691***	***3 402***	***2 400***	***2 400***	***2 400***	***1 750***	***1 855***	***1 966***
Community Facilities		–	–	120	256	256	256	10	10	11
Sport and Recreation Facilities		–	–	25	–	–	–	–	–	–
Community Assets		–	–	***145***	***256***	***256***	***256***	***10***	***10***	***11***
Heritage Assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		65	66	320	410	410	410	163	173	183
Other Assets		***65***	***66***	***320***	***410***	***410***	***410***	***163***	***173***	***183***
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Licences and Rights		6	16	680	480	480	480	–	–	–
Intangible Assets		***6***	***16***	***680***	***480***	***480***	***480***	–	–	–
Computer Equipment		513	–	1 830	1 910	1 910	1 910	2 060	2 184	2 315
Furniture and Office Equipment		–	252	265	160	160	160	175	185	196
Machinery and Equipment		612	489	148	630	630	630	1 194	956	1 013
Transport Assets		14	9 725	–	–	–	–	12 000	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Upgrading of Existing Assets	6	–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4	11 646	20 832	41 781	58 436	60 236	60 236	48 418	21 792	22 946
Roads Infrastructure		6 673	6 522	2 800	14 001	14 001	14 001	27 407	14 444	15 177
Storm water Infrastructure		–	–	10 292	–	–	–	–	–	–
Electrical Infrastructure		2 589	2 589	8 000	13 500	13 500	13 500	1 500	3 840	4 050
Water Supply Infrastructure		–	–	17 279	26 689	28 489	28 489	3 910	–	–
Sanitation Infrastructure		1 173	1 173	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	22	400	400	400	–	–	–
Infrastructure		***10 436***	***10 285***	***38 393***	***54 590***	***56 390***	***56 390***	***32 817***	***18 284***	***19 227***
Community Facilities		–	–	120	256	256	256	10	10	11
Sport and Recreation Facilities		–	–	25	–	–	–	–	–	–
Community Assets		–	–	***145***	***256***	***256***	***256***	***10***	***10***	***11***
Heritage Assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		65	66	320	410	410	410	163	173	183
Other Assets		***65***	***66***	***320***	***410***	***410***	***410***	***163***	***173***	***183***
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Licences and Rights		6	16	680	480	480	480	–	–	–
Intangible Assets		***6***	***16***	***680***	***480***	***480***	***480***	–	–	–
Computer Equipment		513	–	1 830	1 910	1 910	1 910	2 060	2 184	2 315
Furniture and Office Equipment		–	252	265	160	160	160	175	185	196
Machinery and Equipment		612	489	148	630	630	630	1 194	956	1 013
Transport Assets		14	9 725	–	–	–	–	12 000	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class		11 646	20 832	41 781	58 436	60 236	60 236	48 418	21 792	22 946
ASSET REGISTER SUMMARY - PPE (WDV)	5	868 249	962 962	1 025 172	1 091 142	1 087 315	1 087 315	1 098 188	1 109 170	1 120 261
Roads Infrastructure		317 376	323 208	329 921	343 922	342 246	342 246	345 668	349 125	352 616
Electrical Infrastructure		55 797	58 386	61 327	75 227	75 077	75 077	75 828	76 586	77 352
Water Supply Infrastructure		112 244	112 244	122 968	149 657	148 007	148 007	149 487	150 982	152 492
Sanitation Infrastructure		143 736	144 910	136 171	136 171	136 171	136 171	137 532	138 908	140 297
Solid Waste Infrastructure		3 861	3 861	4 088	4 088	4 075	4 075	4 116	4 157	4 199
Infrastructure		***633 015***	***642 608***	***654 475***	***709 065***	***705 576***	***705 576***	***712 632***	***719 758***	***726 956***
Community Assets		223 257	223 257	219 049	219 305	219 305	219 305	221 498	223 713	225 950
Heritage Assets		6 959	6 959	6 959	6 959	6 959	6 959	7 029	7 099	7 170
Investment properties		5 018	5 084	70 640	78 970	78 970	78 970	79 760	80 557	81 363
Intangible Assets			74 588		72 113	72 041	72 041	72 761	73 489	74 223
Computer Equipment			252	70 203	425	425	425	429	434	438
Furniture and Office Equipment			489	265	778	511	511	517	522	527
Machinery and Equipment			9 725	148	3 527	3 527	3 527	3 562	3 598	3 634
TOTAL ASSET REGISTER SUMMARY - PPE	5	868 249	962 962	1 025 172	1 091 142	1 087 315	1 087 315	1 098 188	1 109 170	1 120 261
EXPENDITURE OTHER ITEMS		73 707	71 353	70 795	30 703	30 703	30 703	24 174	24 113	25 416
Depreciation	7	62 117	59 128	62 755	9 599	9 599	9 599	9 599	10 175	10 785
Repairs and Maintenance by Asset Class	3	11 590	12 225	8 040	21 104	21 104	21 104	14 575	13 938	14 630
Roads Infrastructure		674	1 002	369	401	401	401	266	254	267
Storm water Infrastructure		–	–	336	366	366	366	242	232	243
Electrical Infrastructure		3 511	3 511	1 732	1 885	1 885	1 885	1 249	1 195	1 254
Water Supply Infrastructure		783	783	380	1 502	1 502	1 502	995	952	999
Sanitation Infrastructure		19	19	74	81	81	81	54	51	54
Solid Waste Infrastructure		3 059	3 059	–	–	–	–	–	–	–
Infrastructure		***8 047***	***8 374***	***2 891***	***4 234***	***4 234***	***4 234***	***2 806***	***2 684***	***2 817***
Community Facilities		188	188	150	2 340	3 226	3 226	2 138	2 045	2 146
Sport and Recreation Facilities		–	–	134	145	145	145	96	92	97
Community Assets		***188***	***188***	***284***	***2 485***	***3 372***	***3 372***	***2 235***	***2 137***	***2 243***
Heritage Assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		759	717	1 100	2 284	2 284	2 284	1 514	1 448	1 520
Other Assets		***759***	***717***	***1 100***	***2 284***	***2 284***	***2 284***	***1 514***	***1 448***	***1 520***
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Licences and Rights		520	254	708	1 858	1 858	1 858	1 232	1 178	1 236
Intangible Assets		***520***	***254***	***708***	***1 858***	***1 858***	***1 858***	***1 232***	***1 178***	***1 236***
Computer Equipment		70	88	699	761	761	761	504	482	506
Furniture and Office Equipment		–	603	999	1 087	1 087	1 087	720	689	723
Machinery and Equipment		602	548	722	1 174	1 174	1 174	778	744	781
Transport Assets		1 404	1 452	637	7 221	6 334	6 334	4 786	4 577	4 804
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL EXPENDITURE OTHER ITEMS		73 707	71 353	70 795	30 703	30 703	30 703	24 174	24 113	25 416

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the municipality's strategy to address the maintenance backlog.

Table 23 MBRR Table A10 - Basic Service Delivery Measurement

NC073 Emthanjeni - Table A10 Basic service delivery measurement

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Household service targets	1									
Water:										
Piped water inside dwelling		9 175	11 114	11 480	11 480	11 480	11 594	11 640	11 740	11 740
Piped water inside yard (but not in dwelling)		473	695	736	736	736	743	763	763	763
Using public tap (at least min.service level)	2	495	465	452	452	452	444	430	430	430
Other water supply (at least min.service level)	4	473	341	333	333	333	320	310	310	310
Minimum Service Level and Above sub-total		10 614	12 615	13 001	13 001	13 001	13 101	13 143	13 243	13 243
Using public tap (< min.service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	–	–	–	–	–	–	–	–
No water supply		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**10 614**	**12 615**	**13 001**	**13 001**	**13 001**	**13 101**	**13 143**	**13 243**	**13 243**
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		7 652	8 847	9 377	9 377	9 377	9 507	10 038	10 138	10 138
Flush toilet (with septic tank)		1 709	2 252	2 365	2 365	2 365	2 425	2 480	2 480	2 480
Chemical toilet		727	705	663	663	663	636	625	625	625
Pit toilet (ventilated)		473	458	431	431	431	406	–	–	–
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		10 561	12 262	12 836	12 836	12 836	12 974	13 143	13 243	13 243
Bucket toilet		539	353	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)		9 175	–	–	–	–	–	–	–	–
No toilet provisions		9 175	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		18 888	353	–	–	–	–	–	–	–
Total number of households	5	**29 449**	**12 615**	**12 836**	**12 836**	**12 836**	**12 974**	**13 143**	**13 243**	**13 243**
Energy:										
Electricity (at least min.service level)		3 957	3 838	3 990	4 290	4 290	4 290	4 290	4 290	–
Electricity - prepaid (min.service level)		5 715	8 115	8 206	8 350	8 350	8 350	8 500	8 500	–
Minimum Service Level and Above sub-total		9 671	11 953	12 196	12 640	12 640	12 640	12 790	12 790	–
Electricity (< min.service level)		484	469	435	400	400	400	400	400	–
Electricity - prepaid (< min. service level)		473	193	189	162	162	162	62	62	–
Other energy sources		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		956	662	624	562	562	562	462	462	–
Total number of households	5	**10 627**	**12 615**	**12 820**	**13 202**	**13 202**	**13 202**	**13 252**	**13 252**	**–**
Refuse:										
Removed at least once a week		10 627	12 615	13 624	13 624	13 624	13 624	13 684	13 684	13 684
Minimum Service Level and Above sub-total		10 627	12 615	13 624	13 624	13 624	13 624	13 684	13 684	13 684
Removed less frequently than once a week		–	–	–	–	–	–	–	–	–
Using communal refuse dump		–	–	–	–	–	–	–	–	–
Using own refuse dump		–	–	–	–	–	–	–	–	–
Other rubbish disposal		–	–	–	–	–	–	–	–	–
No rubbish disposal		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**10 627**	**12 615**	**13 624**	**13 624**	**13 624**	**13 624**	**13 684**	**13 684**	**13 684**
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		3 750	3 750	3 750	3 800	3 800	3 800	4 000	4 000	4 000
Sanitation (free minimum level service)		3 750	3 750	3 750	3 800	3 800	3 800	4 000	4 000	4 000
Electricity/other energy (50kwh per household per month)		3 750	3 750	3 750	3 800	3 800	3 800	4 000	4 000	4 000
Refuse (removed at least once a week)		3 750	3 750	3 750	3 800	3 800	3 800	4 000	4 000	4 000
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per **indigent** household per month)		–	–	–	–	–	–	–	–	–
Sanitation (free sanitation service to **indigent households**)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per **indigent** household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed once a week **for indigent households**)		–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		–	–	–	–	–	–	–	–	–
Total cost of FBS provided		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Highest level of free service provided per household										
Property rates (R value threshold)								15 000	15 000	15 000
Water (kilolitres per household per month)		8	8	8	8	8	8	6	6	6
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates **(tariff adjustment)** (**impermissable values per section 17 of MPRA**)										
Property rates exemptions, reductions and rebates **and impermissable values in excess of section 17 of MPRA)**		–	–	–	–	–	–	–	–	–
Water **(in excess of 6 kilolitres per indigent household per month)**		–	–	–	6 228	6 228	6 228	–	–	–
Sanitation **(in excess of free sanitation service to indigent households)**		–	–	–	9 332	9 332	9 332	–	–	–
Electricity/other energy **(in excess of 50 kwh per indigent household per month)**		–	–	–	2 401	2 401	2 401	–	–	–
Refuse **(in excess of one removal a week for indigent households)**		–	–	–	5 820	5 820	5 820	–	–	–
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									
Other										
Total revenue cost of subsidised services provided		**–**	**–**	**–**	**23 782**	**23 782**	**23 782**	**–**	**–**	**–**

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor, who is also the chairperson of the Finance Committee.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

i. Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2018) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule in September 2018. Key dates applicable to the process were:

- **August 2018** – Strategic planning session of all the Councillors and Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2019/20 MTREF;
- **November 2018** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **January 2019** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **25 January 2019** - Council considers the 2019/20 Mid-year Review and Adjustments Budget;
- **January 2019** – Multi-year budget proposals are submitted to the Executive Committee for endorsement;
- **February 2019** - Recommendations of the Executive Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2018/19 MTREF is revised accordingly;

- **28 March 2019** - Tabling in Council of the draft 2019/20 IDP and 2019/20 MTREF for public consultation;

- **April 2019** – Public consultation;
- **20 April 2019** - Closing date for written comments;
- **6 to 21 May 2019** – Draftisation of the 2019/20 IDP and 2019/20 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **31 May 2019** - Tabling of the 2019/20 MTREF before Council for consideration And approval.

There were deviations from the key dates set out in the Budget Time Schedule tabled in Council due to commitments that arose on the planned activities.

ii. IDP and Service Delivery and Budget Implementation Plan

The Draft IDP as tabled Council on 28 March 2019. It started in September 2018 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2019/20 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
  Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2019/20 MTREF, based on the approved 2019/20 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2019/20 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2019/20 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

iii. Financial Modelling and Key Planning Drivers

As part of the compilation of the 2019/20 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2019/20 MTREF:

- Municipality's growth potential
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)

- Performance trends The approved 2018/19 adjustments budget and performance against the SDBIP

- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery
- Solar Energy project potentials

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritisation process.

iv. Community Consultation

The Draft Budget 2019/20 MTREF as tabled before Council on 28 March 2019 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries.

Council held Budget Input meetings at venues in all wards of Emthanjeni municipality. Knock and drops were distributed at all households to inform the communities about the meetings. Advertisements of the notifications were sent to all organisations on the municipality's database, including ratepayer associations, community-based organisations and organised business.

Ward Committees were utilised to facilitate the community consultation process from 01 to 15 March 2019, and included eight public briefing sessions with communities, and other stakeholders. The applicable dates and venues were published in all the local newspapers and were attended by the members of the community. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the Draftisation of the 2019/20 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

Significant changes effected in the Draft 2019/20 MTREF compared to the draft 2018/19 MTREF that was tabled for community consultation, include:

- The Draft Eskom bulk tariff increase, applicable to municipalities from 1 July 2019, was factored into the proposed consumer tariffs, applicable from 1 July 2018. This resulted in an increase of 8 per cent;

- The SALGBC parties' settlement regarding the salary negotiations have been Draftised for in the 2018/19 financial year;
- The 2019 Division of Revenue Act (DORA) grant allocations were Draftized and aligned to the gazetted allocations; and
- Funding was allocated to address metering discrepancies and unmetered premises.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2019/20 MTREF and further planning refinements that have directly informed the compilation of the budget.

Table 24 IDP Strategic Objectives

	2018/19 Financial Year	2019/20 MTREF
1.	Ensure that all residents have access to sustainable free basic services and all other services rendered	Provision of access to all basic services rendered to residents within the available resources.
2.	Development and transformation of the institution with the aim of capacitating the municipality in meeting the Objectives	Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives.
3.	Promote sustainable and representative governance through the efficient, effective	Promote the equitable creation and distribution of wealth in Emthanjeni Municipal area.
4.	Promote sustainable and representative governance through the efficient, effective and sustainable utilization of resources in consultation with the residents of Emthanjeni Municipality.	Promote representative governance through the sustainable utilization of available resources in consultation with the residents of Emthanjeni Municipality.
5.	Create an effective, efficient, sustainable and viable municipality through financial management	Maintaining a financially sustainable and viable Municipality.
6.	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties.	Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor.
7.	Contribute to the development of caring communities which promote and protect the right and needs of all citizens, with a particular focus on the poor.	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties.
8.	Ensure a healthy environment for all residents of Emthanjeni through effective environmental management.	

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
    - Provide electricity;
    - Provide water;
    - Provide sanitation;
    - Provide waste removal;
    - Provide housing;
    - Provide roads and storm water;
    - Provide public transport;
    - Provide Municipality planning services; and
    - Maintaining the infrastructure of the Municipality.

2. Economic growth and development that leads to sustainable job creation by:
    - Ensuring the is a clear structural plan for the Municipality;
    - Ensuring planning processes function in accordance with set timeframes;
    - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
    - Effective implementation of the Indigent Policy;
    - Working with the provincial department of health to provide primary health care services;
    - Extending waste removal services and ensuring effective Municipality cleansing;
    - Ensuring all waste water treatment works are operating optimally;
    - Working with strategic partners such as SAPS to address crime;
    - Ensuring save working environments by effective enforcement of building and health regulations;
    - Promote viable, sustainable communities through proper zoning; and
    - Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities
    - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
    - Optimising effective community participation in the ward committee system; and
    - Implementing Batho Pele in the revenue management strategy.

5.1 Promote sound governance through:
    - Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:
    - Reviewing the use of contracted services
    - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
    - Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2019/20 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 25 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

NC073 Emthanjeni - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Promote representative governance through the sustainable utilisation of available resources in consultation with the residents of Emthanjeni municipality	To continuously review the accountable and transparent governance processes as per the Risk Based Audit Plan (RBAP)			458	377	332	345	337	337	327	326	345
Promote representative governance through the sustainable utilisation of available resources in consultation with the residents of Emthanjeni municipality	To be an executive council by leading and consulting our community and do on-going oversight of our service delivery and performance			8 072	6 646	6 338	6 890	6 719	6 719	6 519	6 492	6 890
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the municipal area			3 625	2 985	3 340	5 303	5 171	5 171	5 017	4 996	5 303
Provision of access to all basic services rendered to residents within available resources	To provide all communities quality water, sanitation and refuse manage demand and maintain existing infrastructure			57 573	83 410	67 159	83 743	81 658	81 658	79 225	78 900	83 744
Provision of access to all basic services rendered to residents within available resources	To upgrade and maintain road infrastructure			12 890	10 614	34 147	50 619	49 359	49 359	47 888	47 691	50 620
Provision of access to all basic services rendered to residents within available resources	To provide a quality electricity supply, manage demand and maintain existing infrastructure			62 729	68 119	74 126	76 833	74 920	74 920	72 688	72 390	76 834
Maintaining a financially sustainable and viable municipality	To render a strategic financial management services to Emthanjeni Municipality			13 914	11 457	11 314	12 505	12 194	12 194	11 831	11 782	12 506
Maintaining a financially sustainable and viable municipality	To strengthen and implement financial and asset management within Emthanjeni Municipality			7 419	6 109	6 836	14 480	14 120	14 120	13 699	13 643	14 480
Maintaining a financially sustainable and viable municipality	To implement the Municipal Property Rates Act by imposing rates on all taxable properties within Emthanjeni Municipality			26 089	21 482	26 540	9 038	8 813	8 813	8 550	8 515	9 038
Maintaining a financially sustainable and viable municipality	To implement the Supply Chain Management policy that is fair equitable, transparent, competitive and cost effective			1 018	838	938	5 100	4 973	4 973	4 825	4 805	5 100
Maintaining a financially sustainable and viable municipality	To implement financial reforms as required per MFMA			2	1	26	1 321	1 288	1 288	1 249	1 244	1 321
Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives	To maintain a capacitated municipality, achieve Employment Equity targets, develop human resources and comply to required legislation			4 593	3 782	3 532	3 721	3 628	3 628	3 520	3 505	3 721
Municipal Transformation and Institutional Development	To upgrade and maintain municipal buildings and offices			81	67	75	91	89	89	86	86	91
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the municipal area			–	–	–	1 444	1 408	1 408	1 366	1 361	1 444
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To facilitate empowerment of women, youth development, poverty alleviation and create opportunities			–		–	523	510	510	495	493	523
Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor	To improve and facilitate rural development in the municipal area			3 090	2 544	2 893	3 283	3 202	3 202	3 106	3 093	3 283
Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties	To provide traffic services in terms of the legislation, awareness and training to the community, law enforcement, road safety participation and fire protection services within the municipal area			6 849	7 295	9 170	11 892	11 595	11 595	11 244	11 198	11 890
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and c			1	208 403	225 727	246 768	287 134	279 983	279 983	271 634	270 520	287 134

Table 26 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

NC073 Emthanjeni - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Promote representative governance through the sustainable utilisation of	To continuously review the accountable and transparent			4 274	5 016	8 765	355	353	353	363	380	402
Promote representative governance through the sustainable utilisation of	To be an executive council by leading and consulting our community and do on-going			8 419	9 013	7 583	6 781	6 750	6 750	6 925	7 249	7 676
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To promote LED, SMME's and tourism, support emerging farmers and reduce			6 348	6 695	3 997	3 574	3 557	3 557	3 650	3 821	4 046
Provision of access to all basic services rendered to residents within available	To provide all communities quality water, sanitation and refuse manage demand and			96 845	98 992	93 254	83 387	83 004	83 004	85 153	89 147	94 398
Provision of access to all basic services rendered to residents within available	To upgrade and maintain road infrastructure			18 915	19 104	40 857	36 534	36 366	36 366	37 308	39 058	41 358
Provision of access to all basic services rendered to residents within available	To provide a quality electricity supply, manage demand and maintain existing infrastructure			71 000	72 080	88 692	79 308	78 943	78 943	80 988	84 786	89 780
Maintaining a financially sustainable and viable municipality	To render a strategic financial management services to Emthanjeni Municipality			2 399	2 591	13 537	12 105	12 049	12 049	12 361	12 941	13 703
Maintaining a financially sustainable and viable municipality	To strengthen and implement financial and asset management within			8 857	8 565	8 180	7 314	7 280	7 280	7 469	7 819	8 280
Maintaining a financially sustainable and viable municipality	To implement the Municipal Property Rates Act by imposing rates on all taxable			3 999	4 319	408	365	363	363	373	390	413
Maintaining a financially sustainable and viable municipality	To implement the Supply Chain Management policy that is fair equitable, transparent,			1 428	1 542	1 122	1 004	999	999	1 025	1 073	1 136
Maintaining a financially sustainable and viable municipality	To implement financial reforms as required per MFMA			1 819	1 964	31	28	28	28	29	30	32
Development and transformation of the institution with the aim of capacitating the	To maintain a capacitated municipality, achieve Employment Equity targets,			8 150	7 602	4 226	3 779	3 762	3 762	3 859	4 040	4 278
Municipal Transformation and Institutional Development	To upgrade and maintain municipal buildings and offices			3 499	5 079	89	80	80	80	82	85	90
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To promote LED, SMME's and tourism, support emerging farmers and reduce			7 271	9 053	–	–	–	–	–	–	–
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To facilitate empowerment of women, youth development, poverty alleviation and create			7 162	8 335	–	–	–	–	–	–	–
Contribute to the development and protection of the rights and needs of all residents with a	To improve and facilitate rural development in the municipal area			5 905	7 377	3 462	3 096	3 081	3 081	3 161	3 309	3 504
Contribute to the creation of communities where residents and visitors can work, live	To provide traffic services in terms of the legislation, awareness and training to the			9 304	9 483	10 972	8 452	8 404	8 404	8 643	9 064	9 615
Allocations to other priorities												
Total Expenditure			1	**265 592**	**276 811**	**285 177**	**246 162**	**245 020**	**245 020**	**251 387**	**263 193**	**278 712**

Table 28 MBRR Table SA6 - NC073 Emthanjeni - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

NC073 Emthanjeni - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Provision of access to all basic services rendered to residents within available	To provide all communities quality water manage demand and maintain existing	A		180	5 400	5 601	13 992	12 250	12 250	7 168	4 250	5 140
Provision of access to all basic services rendered to residents within available	To upgrade and maintain road infrastructure	B		6 249	4 022	7 537	12 705	11 583	11 583	8 506	4 583	4 652
Provision of access to all basic services rendered to residents within available	To provide all communities quality sanitation manage demand and maintain existing	C		1 791	1 090	6 450	10 873	9 634	9 634	7 569	4 634	4 703
Maintaining a financially sustainable and viable municipality	To render a strategic financial management services to Emthanjeni Municipality	D		166	620	–	–	–	–	–	–	
Maintaining a financially sustainable and viable municipality	To strengthen and implement financial and asset management within	E		849	2 165	2 311	3 895	2 018	2 018	2 005	533	541
Contribute to the creation of communities where residents and visitors can work, live	To provide traffic services in terms of the legislation, awareness and training to the	F		583	322	332	560	290	290	288	290	294
Municipal Transformation and Institutional Development	To upgrade and maintain municipal buildings and offices	G		162	331	830	1 399	725	725	720	725	736
Provision of access to all basic services rendered to residents within available	To provide all communities sustainable electricity and to manage electricty increased	H		1 100	6 400	10 117	15 010	18 108	18 108	10 163	6 777	6 879
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To facilitate empowerment of women, youth development, poverty alleviation and create	I		559	387	–	–	–	–		–	
Promote representative governance through the sustainable utilisation of	To continuously review the accountable and transparent	J		8	94	–	–					
		K										
		L										
		M										
		N										
		O										
		P										
Allocations to other priorities			3							–	–	
Total Capital Expenditure			1	**11 646**	**20 832**	**33 178**	**58 436**	**54 608**	**54 608**	**36 418**	**21 792**	**22 946**

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

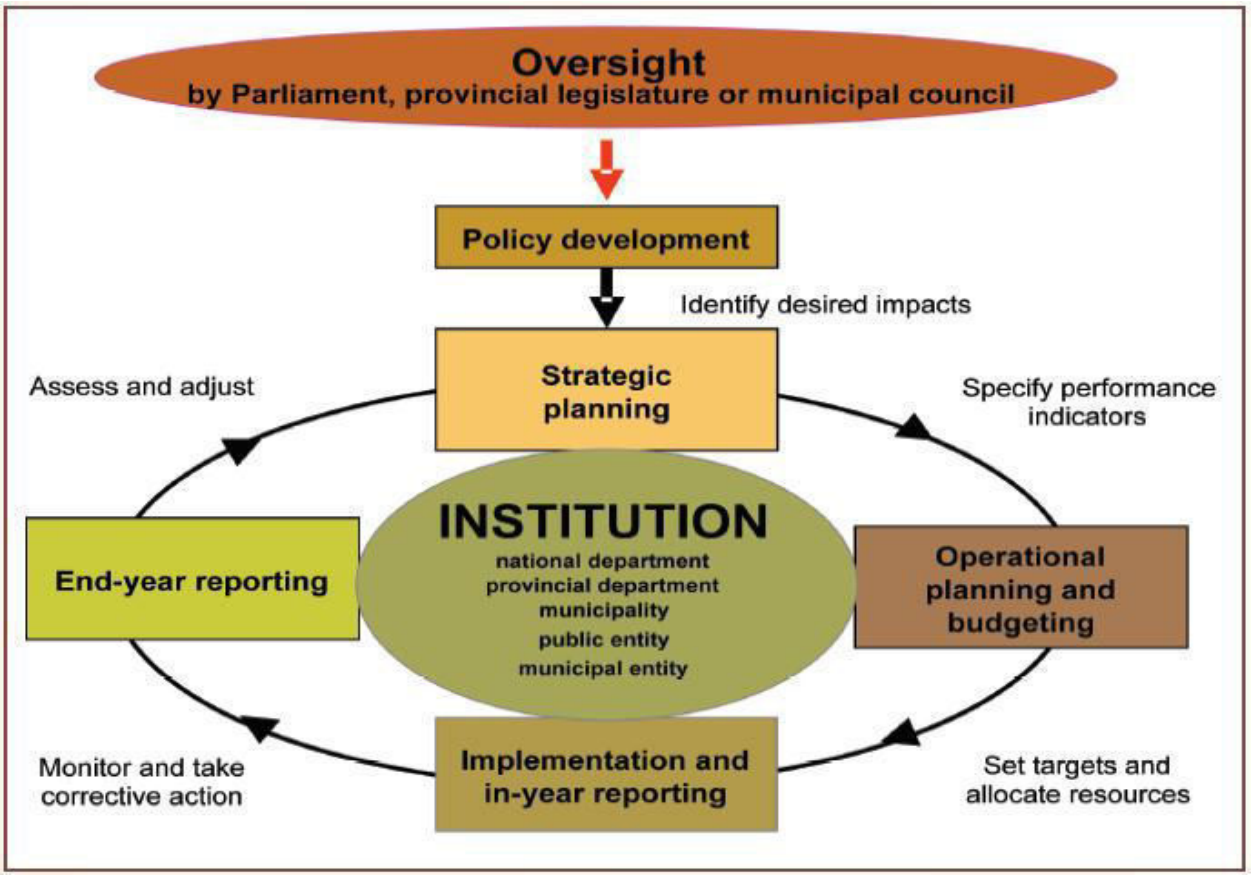


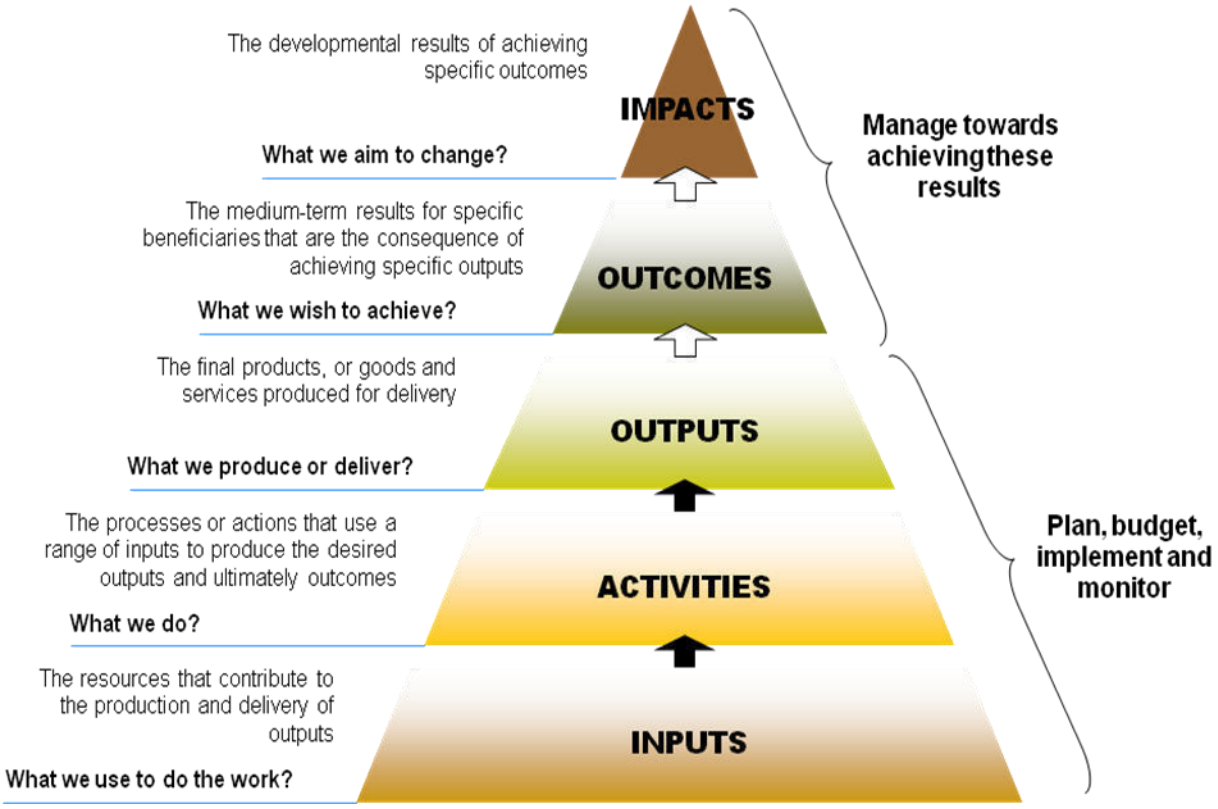
Figure 2 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what Purpose); and

- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:


The developmental results of achieving specific outcomes
IMPACTS
What we aim to change?
The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs
OUTCOMES
What we wish to achieve?
The final products, or goods and services produced for delivery
OUTPUTS
What we produce or deliver?
The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes
ACTIVITIES
What we do?
The resources that contribute to the production and delivery of outputs
INPUTS
What we use to do the work?
Manage towards achieving these results
Plan, budget, implement and monitor

The following table sets out the municipalities main performance objectives and benchmarks for the 2019/20 MTREF.

NC073 Emthanjeni - Supporting Table SA8 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Borrowing Management											
Credit Rating		B	B	B	B	B	B	B			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.5%	1.7%	2.3%	0.9%	2.4%	2.4%	2.4%	2.3%	1.3%	1.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.5%	2.8%	3.7%	1.1%	3.1%	3.1%	3.1%	3.0%	1.7%	1.2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	2.7	2.3	1.1	3.3	1.1	1.1	1.1	1.2	1.4	1.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.7	2.3	1.1	3.3	1.1	1.1	1.1	1.2	1.4	1.5
Liquidity Ratio	Monetary Assets/Current Liabilities	0.3	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		87.8%	85.3%	84.0%	93.8%	94.2%	94.2%	94.2%	94.9%	92.5%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		87.8%	85.3%	84.0%	93.8%	94.2%	94.2%	94.2%	94.9%	92.5%	91.9%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	26.4%	30.4%	29.2%	15.6%	16.1%	16.1%	16.1%	24.0%	23.0%	22.2%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA's 65(e))										
Creditors to Cash and Investments		-1626.3%	522.0%	1348.0%	1631.4%	2322.2%	2322.2%	2322.2%	3804.3%	4951.3%	1954.2%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	34.2%	35.6%	31.8%	34.2%	35.1%	35.1%	35.1%	35.1%	34.9%	34.4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	36.3%	37.8%	34.0%	36.5%	37.5%	37.5%		37.5%	39.9%	39.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.7%	5.8%	5.7%	8.6%	8.9%	8.9%		9.0%	9.1%	9.3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	32.2%	32.1%	29.0%	4.9%	5.1%	5.1%	5.1%	5.0%	5.0%	5.1%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	35.1	29.8	101.6	35.8	35.8	35.8	31.8	60.5	87.0	91.6
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	42.4%	45.1%	41.8%	23.7%	24.2%	24.2%	24.2%	36.5%	35.1%	34.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	(0.1)	0.5	0.2	0.1	0.1	0.1	0.1	0.1	0.0	0.1

2.4 Performance indicators and benchmarks

2.4.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Emthanjeni's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2018/19 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. While this ratio is decreasing over the MTREF from 2.65 per cent to 0 per cent in 2020/21, it needs to that this decrease is due to the fact that the municipality will pay off all loans over the MTREF.

- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has fluctuated from 1.38 per cent in 2018/19, 0 per cent in 2019/20 and 0 per cent in 2020/21. This decrease can be attributed to the paying off of loans by the municipality.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2017/18 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

2.4.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves. During the 2018/19 financial year the ratio deteriorated to a level 0.1 per cent.

- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. Between 2014/15 and 2020/21 the gearing ratio peaked at 0 per cent. This was primarily a result of the having no long term borrowing.

2.4.3Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2018/19 MTREF the current ratio is 3.3 in the 2018/19 financial year. Going forward it will be necessary to maintain these levels.

- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2017/18 financial year the ratio was 0.3 and as part of the financial planning strategy it has been remaining constant at 0.3 in the 2018/19 financial year. This is expected to reach optimal level by 2019/20. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

2.4.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection. A Debt Collection firm has been appointed to recover arrear monies from consumers.

2.4.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.4.6 Other Indicators

- The electricity distribution losses has decreased from 13.1 per cent in the 2014/15 financial year to 10.5 per cent in 2020/21. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters, and the hiring of a meter readers that prevent increasing illegal connections.
- The water distribution losses have been significantly reduced from 16.7 per cent in 2014/15 to 14.5 per cent in 2020/21. This has been achieved with the introduction of a water leakage report and action centre. Various awareness programmes are unfolding to reduce these losses and also to repair these leakages.
- Employee costs as a percentage of operating revenue decreases over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

2.5 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2018/19 financial year 3 486 registered indigents have been provided for in the budget with this figured increasing to almost 4 000 by 2019/20. In terms of the Municipality's indigent policy registered households are entitled to 8kℓ free water, 50 kWh of electricity, sanitation and free waste removal once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc.) are not taken into account in the table noted above.

2.6 Providing clean water and managing waste water

The Municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Emthanjeni Municipality is striving to obtain full Blue Drop status in 2018/19, indicating that the Municipality's drinking water is of exceptional quality.

The following is briefly the main challenges facing the Municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and

2.7 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.7.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in May 2019. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2019/20 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 90 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy. The policy is currently being revised.

2.7.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets). The policy is currently being revised.

2.7.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions. The policy is currently being revised.

2.7.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in September 2007. An amended policy has been approved by council on the 30 May 2019. The policy is currently being revised.

2.7.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virement Policy was approved by Council in May 2009 and was amended during May 2014 in respect of both Operating and Capital Budget Fund Transfers. An amended policy has been approved by council on the 30 May 2019. The policy is currently being revised.

2.7.6 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy was amended by Council in May 2017. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks. An amended policy has been been approved by council on the 30 May 2019. The policy is currently being revised.

2.7.7 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years. An amended policy has been approved by council on the 30 May 2019. The policy is currently being revised.

2.7.8 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2019/20 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2018/19 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e. Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

The policy is currently being revised.

2.8 Overview of budget assumptions

The following assumptions were crucial and determining factors during the budget process and the preparations of the budget.

ASSUMPTIONS

- National Treasury direction or guidelines on budget increases that must be in line with the macro-economic strategy as reflected in the MFMA Budgetary Circular 78 and 79, 82, 91, 93 and 94.
- Average year on year Inflation as per the Reserve Bank parameter is 5,1 % but it does not really reflect the real price increases on the ground. CPIX is currently at 3,83%
- The average increment will be as from 01 July 2019. The Bulk Purchases increases of Eskom will be 13.07% which will have a direct impact on the sale and procurement of electricity but on price hikes in general.
- The current situation at ESKOM is also contributing to the uncertainties and uncontrolable factors experienced by South Africans as a whole.
- Salary budget increases for the next Financial Year will be provided for at a estimated level of at 7.0%. The SALGBC circular provides for an increase of CPI + 1.5%.
- Apart from the normal salary increments, Medical Aid Employer contribution increments will be between 7% and 9%. This places a heavier financial burden on the revenue sources and impacts on the tariff calculations as a whole.
- General increases in purchasing or cost price of normal items increase on average between 7-12 % in comparison with the same period last year.
- The current economic status to “JUNK ECONOMIC STATUS” will contribute to a weaker Rand, high Foreign Exchange Rate and the increase in Oil prices are also not favourable to the current economic outlook.
- The macro- economic outlook impacts not only directly on municipalities but forces municipalities to operate within their budgetary means. Expenditure control will be a major controlling factor for the years to come.
- The current economic conditions do not aleviate and promote job creation hence the unemploymentt levels contirbute to non-payment for municipal services. This impact seriously negative on Cash flow reserves of the municipality.
- Repair and maintenance costs, together with labour costs of repairing municipal assets, also fall victim of the huge price hikes which need to be taken into consideration. This is an area where much more investment will be required over the next few years.

2.8.1 FORECASTING OF REVENUE AND EXPENDITURE

1.REVENUE

1.1. RATES AND TAXES

- Tariffs will increase and decrease depending on the valuation of the property.
- The total exemption valuation (rebate amount) remains R28 000.
- Agricultural property owners will also see a decrease in their tariffs. The other property categories rates and taxes will increased.
- Increments have been conservatively calculated to maintain sustainned income levels taking into consideration the new valuation of properties.

1.2. ELECTRICITY

- Electricity Tariffs will increase on a total average between 13.07% for all blocks as from 01 July 2019 for prepaid and conventional electricity meters.
- Final approval for electricity tariffs is still outstanding from NERSA.

1.3. WATER

- Water will increase by 6%.
- Only Indigent Households will be getting the first 6000 liters of water free as it is included their Free Basic Services Basket.

1.4. SEWERAGE AND REFUSE REMOVAL

- Both Tariffs will increase by 6%.

1.5. SECONDARY TARIFFS

- Secondary Tariffs will increase by ± 7 % during 2019/2020.

The total budgeted average increment for all revenue sources will be between 5-6%, except for electricty where the levy can increase by more than the average increment

2. EXPENDITURE

2.1 EMPLOYEE COSTS: SALARIES AND WAGES

- Salaries and wages has been provided at an increment of 7.0%

2.2 EMPLOYEE COSTS: BENEFIT CONTRIBUTIONS

- A provision of an average increment between 7 and 8 % has been provided

2.3 REPAIR AND MAINTENANCE

- A provision of an average increment of 7 % will provided. This shows Council's commitment to the maintenance of all assets.

2.4 BULK PURCHASES

- Electricty purchases will increase by 7% from 01 July 2019 and water will increase on average by 7%.

2.5 CAPITAL CHARGES/ FINANCE COSTS

- Capital Charges will increase due the external loan funding for the procurement of fleet.

2.6 GENERAL COSTS

- A provision of an average increment of 6% will provided.

2.7 PROVISION FOR BAD DEBTS

- A provision of an average increment of 7% has been provided on all budgeted levied revenue.

BUDGET ANALYSIS

- The overall increases during the 2018/2019 and 2019/2020 financial years reflect an annual increment of ± 6% and in 2018/2019 budget year an average increase of 6% will be expected. This is mainly due to the non- allocation of Capital Grant Funding as gazetted in the DORA

- The total tariff increment will be 6% which is in accordance with the expectations of National Treasury but mainly due to our affordability and recovery conditions that exist in the Emthanjeni Municipality.

- Tariffs will generally increase above the inflation rate but will stablise over the MTEF

- Electricity tariff increments are as per NERSA's guidelines.

- The general tariff increment between 6% is also in line with the current economic data available.

- The Budget is realistic and external or macro-economic factors, as well as micro-economic factors, were taken into consideration. However, the Municipality has no control over these macro conditions that impact very heavily on the operations of the Municipality. These are interest rates, fuel prices, inflation rates, high food prices, unemployment rate, and also statutory levies imposed by National and Provincial Governments, etc.

- All budgeted income will be realised through the extensive efforts that will be enforced by the officialdom.

- Strict expenditure mechanisms will be enforced to ensure that the key Strategic Objectives of the Municipality are achieved.

- Budget is in line with the policies of Council, especially directed at the poorest of the poor, with the provision of Free Basic Services to all qualifying Indigent Households.

- Local Economic Development opportunities have been identified in order to provide sustainable LED projects for the communities.

- The Budget is also biased towards the Indigident Households within the Municipality.

BUDGET RELATED POLICIES

The following budgetary policies we approved by council t Council meeting held on 30 May 2019:

(i) Revised IDP
(ii) Revised Budget Policy
(iii) Revised Credit Control Policy
(iv) Revised Indigent Policy
(v) Tariff Policy
(vi) Revised Rates Policy
(vii) Rates Bylaw for the new valuation roll
(viii) Revised Customer Care Policy
(v) Investment and Cash Management Policy
(vi) Service Delivery and Budget Implementation Plan (SDBIP)
(ix) Revised Supply Chain Management Policy

CONCLUSION

The Budget is very much driven by income generation with emphasis being place on the collecction of revenue(Cash management) and also focusses on building and maintaining infrastructure development within the Emthanjeni Municipality.

2.9 Overview of budget funding

2.9.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc.).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 96 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
  Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2019/20 MTREF on the different revenue categories are:

Table 27 Proposed tariff increases over the medium-term

Revenue category	2019/20 proposed tariff increase	2020/21 proposed tariff increase	2021/22 proposed tariff increase
	%	%	%
Property rates	**6**	**6**	**6**
Sanitation	**6**	**6**	**6**
Solid Waste	**6**	**6**	**6**
Water	**6**	**6**	**6**
Electricity	**13.07**	**6**	**6**

Revenue to be generated from property rates is R32, 175 million in the 2019/20 financial year and increases to R34, 106 million by 2020/21 which represents 12.9 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

Operational grants and subsidies amount to R47,820 million, R49, 960 million and R53, 685 million for each of the respective financial years of the MTREF, or 19.92, 19.66 and 19.89 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are changing over the MTREF.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R1, 056 million, R1, 130 million and R1, 209 million for the respective three financial years of the 2019/20 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions.

The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 28 MBRR SA15 – Detail Investment Information

NC073 Emthanjeni - Supporting Table SA15 Investment particulars by type										
Investment type	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		–	25	28	8 445	10 331	10 331	8 512	8 872	8 335
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	–	25	28	8 445	10 331	10 331	8 512	8 872	8 335
Consolidated total:		–	25	28	8 445	10 331	10 331	8 512	8 872	8 335

Table 29 MBRR SA16 – Investment particulars by maturity

NC073 Emthanjeni - Supporting Table SA16 Investment particulars by maturity														
Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate ³	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months												
Parent municipality														
ABSA Bank 2062198906		12 Months	Deposits	Yes	Fixed	6.07			30 June 2019	9 063	987	(1 699)	–	8 351
Standard Bank of South Africa Limited 288910672002		12 Months	Deposits	Yes	Fixed	2.3			30 June 2019	0	–	–	–	0
ABSA Bank Limited 2068494239		12 Months	Deposits	Yes	Fixed	7.48			30 June 2019	18	–	–	–	18
Standard Bank of South Africa Limited 388910356-002		12 Months	Deposits	Yes	Fixed	6.6			30 June 2019	25	–	–	–	25
Standard Bank of South Africa Limited 288910672001		12 Months	Deposits	Yes	Fixed	1.6			30 June 2019	–	–	–	–	–
First National Bank 62338612105 / 808		12 Months	Deposits	Yes	Fixed	5			30 June 2019	2	–	–	–	2
First National Bank 62630879221		12 Months	Deposits	Yes	Fixed	5			30 June 2019	7	–	–	–	7
Nedbank Limited 03/7662022900/000001		12 Months	Deposits	Yes	Fixed	6.8			30 June 2019	4	–	–	–	4
Nedbank Limited 03/7662022900/000018		12 Months	Deposits	Yes	Fixed	6.8			30 June 2019	34	–	–	–	34
Nedbank Limited 03/7662022900/000019		12 Months	Deposits	Yes	Fixed	6.8			30 June 2019	4	–	(7 000)	7 000	4
ABSA Bank Limited 9325381089		12 Months	Deposits	Yes	Fixed	6.8			30 June 2019	821	–	(821)	–	–
Municipality sub-total										9 978		(9 520)	7 000	8 445
TOTAL INVESTMENTS AND INTEREST	1									9 978		(9 520)	7 000	8 445

2.9.1 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2019/20 medium-term capital programme:

Table 30 Sources of capital revenue over the MTREF

Vote Description	Ref	2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Funded by:				
National Government		29 784	16 429	17 261
Provincial Government		–	–	–
District Municipality		–	–	–
Other transfers and grants		–	–	–
Transfers recognised - capital	4	**29 784**	**16 429**	**17 261**
Borrowing	6	12 000	–	–
Internally generated funds		7 088	6 144	6 513
Total Capital Funding	7	**48 873**	**22 573**	**23 774**

Sources of capital revenue for the 2019/20 financial year

Capital grants and receipts equates to 64.16 per cent of the total funding source which represents R29, 784 million for the 2019/20 financial year and decreases to R16, 429 million or 75.39 per cent by 2020/21 then for 2021/22 it decreases again to R17, 261 million or 75.22 per cent.

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds consist of R7, 088 million in 2019/20, R6, 144 in 2020/21 and R6, 513 million in 2021/22. The percentage funding remains constant over the MTEF period. This reflects the commitment of the municipality to invest in renewal of their existing assets.

The following table is a detailed analysis of the Municipality's borrowing liability.

Table 31 MBRR Table SA 17 - Detail of borrowings

NC073 Emthanjeni - Supporting Table SA17 Borrowing										
Borrowing - Categorised by type	**Ref**	**2015/16**	**2016/17**	**2017/18**	**Current Year 2018/19**			**2019/20 Medium Term Revenue & Expenditure Framework**		
R thousand		**Audited Outcome**	**Audited Outcome**	**Audited Outcome**	**Original Budget**	**Adjusted Budget**	**Full Year Forecast**	**Budget Year 2019/20**	**Budget Year +1 2020/21**	**Budget Year +2 2021/22**
Parent municipality										
Annuity and Bullet Loans		–	–	–	–	–	–	–	–	–
Long-Term Loans (non-annuity)		619	4 702	36 896	–	–	–	11 473	11 025	10 644
Local registered stock		–	–	–	–	–	–	–	–	–
Instalment Credit		–	–	–	–	–	–	–	–	–
Financial Leases		–	–	–	–	–	–	–	–	–
PPP liabilities		–	–	–	–	–	–	–	–	–
Finance Granted By Cap Equipment Supplier		–	–	–	–	–	–	–	–	–
Marketable Bonds		–	–	–	–	–	–	–	–	–
Non-Marketable Bonds		–	–	–	–	–	–	–	–	–
Bankers Acceptances		–	–	–	–	–	–	–	–	–
Financial derivatives		–	–	–	–	–	–	–	–	–
Other Securities		–	–	–	–	–	–	–	–	–
Municipality sub-total	1	**619**	**4 702**	**36 896**	**–**	**–**	**–**	**11 473**	**11 025**	**10 644**
Entities		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Borrowing	1	**619**	**4 702**	**36 896**	**–**	**–**	**–**	**11 473**	**11 025**	**10 644**

Council intends to enter into a borrowing agreement to finance the purchase of vehicles as contained in Council's capital program for the 2019/2020 financial year. Council intends to acquire loan funding for the amount of R12 000 000. Requests for proposals inviting local banks to submit proposals on the required long-term funding has been published.

Table 32 MBRR Table SA 18 - Capital transfers and grant receipts

NC073 Emthanjeni - Supporting Table SA18 Transfers and grant receipts

Description R thousand	Ref	2019/20 Medium Term Revenue & Expenditure Framework		
		Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:	1, 2			
Capital Transfers and Grants				
National Government:		**31 067**	**16 429**	**17 261**
Municipal Infrastructure Grant (MIG)		25 657	12 589	13 211
Regional Bulk Infrastructure		3 910	–	–
Integrated National Electrification Programme		1 500	3 840	4 050
Water Infrastructure Grant		–	–	–
Provincial Government:		–	–	–
District Municipality:		–	–	–
Other grant providers:		–	–	–
Total Capital Transfers and Grants	5	**31 067**	**16 429**	**17 261**
TOTAL RECEIPTS OF TRANSFERS & GRANTS		**78 887**	**66 390**	**70 946**

2.9.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 33 MBRR Table A7 - Budget cash flow statement

NC073 Emthanjeni - Table A7 Budgeted Cash Flows

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		19 106	22 851	15 202	27 584	27 584	27 584	27 584	29 923	28 990	30 729
Service charges		94 706	102 703	99 013	118 106	109 069	109 069	109 069	142 512	147 680	155 773
Other revenue		8 813	9 811	15 411	33 406	33 406	33 406	33 406	8 290	8 744	9 368
Government - operating	1	42 853	34 943	41 316	44 186	44 272	44 272	44 272	49 796	51 413	55 169
Government - capital	1	10 775	14 617	33 782	52 190	53 990	53 990	53 990	29 784	16 429	17 261
Interest		1 760	2 272	1 468	2 055	2 055	2 055	2 055	2 056	2 200	2 354
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(154 090)	(174 312)	(165 807)	(217 131)	(216 301)	(216 301)	(216 301)	(223 603)	(229 079)	(243 703)
Finance charges		(1 761)	(3 365)	(4 002)	(2 219)	(1 429)	(1 429)	(1 429)	(2 038)	(2 242)	(2 466)
Transfers and Grants	1	(247)	–	(516)	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**21 912**	**9 520**	**35 867**	**58 176**	**52 646**	**52 646**	**52 646**	**36 719**	**24 136**	**24 484**
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		91	94	27	200	200	200	200	200	200	200
Decrease (Increase) in non-current debtors		–	–	(0)	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables		–	(0)	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		(11 646)	(20 141)	(32 391)	(58 436)	(54 608)	(54 608)	(54 608)	(48 873)	(22 573)	(23 774)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(11 554)**	**(20 047)**	**(32 364)**	**(58 236)**	**(54 408)**	**(54 408)**	**(54 408)**	**(48 673)**	**(22 373)**	**(23 574)**
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	826	1 108	454	–	–	–
Borrowing long term/refinancing		1 156	9 497	45	3 527	3 527	3 527	3 527	12 000	–	–
Increase (decrease) in consumer deposits		–	–	–	98	98	98	98	28	15	20
Payments											
Repayment of borrowing		(2 684)	(3 046)	(3 388)	(3 527)	(3 527)	(3 527)	(3 527)	(527)	(580)	(638)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**(1 528)**	**6 451**	**(3 344)**	**98**	**924**	**1 206**	**552**	**11 501**	**(565)**	**(618)**
NET INCREASE/ (DECREASE) IN CASH HELD		**8 830**	**(4 076)**	**159**	**37**	**(838)**	**(556)**	**(1 211)**	**(453)**	**1 198**	**292**
Cash/cash equivalents at the year begin:	2	**(1 306)**	**7 524**	**2 784**	**940**	**2 943**	**2 943**	**2 943**	**1 279**	**826**	**2 024**
Cash/cash equivalents at the year end:	2	**7 524**	**3 448**	**2 943**	**977**	**2 105**	**2 387**	**1 733**	**826**	**2 024**	**2 316**

2.9.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 34 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

NC073 Emthanjeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash and investments available											
Cash/cash equivalents at the year end	1	7 524	3 448	2 943	977	2 105	2 387	1 733	826	2 024	2 316
Other current investments > 90 days		(0)	(0)	0	(0)	758	476	1 131	(29)	(945)	(1 892)
Non current assets - Investments	1	–	25	28	29	29	29	29	29	29	29
Cash and investments available:		**7 524**	**3 473**	**2 971**	**1 007**	**2 893**	**2 893**	**2 893**	**826**	**1 108**	**454**
Application of cash and investments											
Unspent conditional transfers		4 748	4 974	–	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2		998		283	283	283	283	311	333	353
Other working capital requirements	3	(2 886)	1 104	24 108	(16 014)	(13 031)	(13 031)	(15 501)	(5 249)	(6 230)	(11 635)
Other provisions			1 942		7 785	7 785	7 785	7 785	7 421	7 866	8 378
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		**1 862**	**9 018**	**24 108**	**(7 947)**	**(4 964)**	**(4 964)**	**(7 434)**	**2 483**	**1 969**	**(2 905)**
Surplus(shortfall)		**5 662**	**(5 545)**	**(21 136)**	**8 953**	**7 857**	**7 857**	**10 327**	**(1 657)**	**(861)**	**3 358**

From the above table it can be seen that the cash and investments available total R0, 826 million in the 2019/20 financial year however this increases to R2, 316 million by 2021/22, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2013/14 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants.
There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.

- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the Municipality in 2017/18 resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

2.9.3 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 35 MBRR SA10 – Funding compliance measurement

NC073 Emthanjeni Supporting Table SA10 Funding measurement												
Description	MFMA section	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	7 524	3 448	2 943	977	2 105	2 387	1 733	826	1 108	454
Cash + investments at the yr end less applications - R'000	18(1)b	2	5 662	(5 545)	(21 136)	8 953	7 857	7 857	7 857	(1 149)	865	4 591
Cash year end/monthly employee/supplier payments	18(1)b	3	0.5	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.1	0.0
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(57 190)	(51 085)	(38 409)	40 972	34 963	34 963	34 963	20 247	7 326	8 422
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	23.0%	24.0%	16.1%	4.7%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%
Capital payments % of capital expenditure	18(1)c;19	8	100.0%	96.7%	97.6%	100.0%	100.0%	100.0%	100.0%	133.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	79.7%	91.7%	1.9%	56.5%	570.3%	570.3%	570.3%	224.2%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	3.9%	13.1%	(20.8%)	0.0%	0.0%	0.0%	10.5%	13.6%	12.6%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	8.8%	7.5%	(6.1%)	0.0%	0.0%	0.0%	0.2%	0.1%	1.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	1.4%	1.6%	1.0%	2.0%	2.0%	2.0%	1.4%	1.8%	1.6%	1.7%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

2.9.4.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2019/20 MTREF shows R0, 826 million, R1, 108 million and R0, 454 million for each respective financial year.

2.9.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.9.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been falling significantly for the period 2014/15 to 2020/21, moving from 1.0 to 0.1 with the draft 2019/20 MTREF.

As part of the 2019/20 MTREF the municipalities improving cash position causes the ratio to move upwards to 1.0 and then improves slightly slightly to 1.2 and 3.3 for the outer years. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.9.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2019/20 MTREF the indicative outcome is a surplus of R20, 247 million, R7, 326 million and R8, 422 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.9.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6 per cent, with the increase in electricity at 8 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.9.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 94.5, 92.5 and 91.5 per cent for each of the respective financial years.

Given that the assumed collection rate was based on a 90 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly?

2.9.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 4.7, 4.7 and 4.7 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.9.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.9.4.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been be excluded. It can be seen that borrowing equates to less than a per cent of own funded capital.

2.9.4.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.9.4.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

2.9.4.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 60 MBRR SA34C.

2.9.4.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR**.**

2.9.5 Expenditure on grants and reconciliations of unspent funds

Table 36 MBRR SA19 - Expenditure on transfers and grant programmes

NC073 Emthanjeni - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		**39 459**	**38 822**	**39 880**	**43 493**	**43 579**	**43 579**	**47 820**	**49 961**	**53 685**
Local Government Equitable Share		35 929	36 197	37 094	40 793	40 793	40 793	44 900	48 261	51 985
Finance Management		1 600	1 625	1 700	1 700	1 700	1 700	1 700	1 700	1 700
EPWP Incentive		1 000	–	1 086	1 000	1 086	1 086	1 220	–	–
Municipal Systems Improvement		930	1 000	–	–	–	–			
Provincial Government:		**1 142**	**1 161**	**881**	**693**	**693**	**693**	**–**	**–**	**–**
Housing		–	1 161	–	–	–	–	–	–	–
Sport and Recreation		1 142	–	881	693	693	693	–	–	–
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total operating expenditure of Transfers and G		**40 601**	**39 983**	**40 761**	**44 186**	**44 272**	**44 272**	**47 820**	**49 961**	**53 685**
Capital expenditure of Transfers and Grants										
National Government:		**13 398**	**12 202**	**34 991**	**43 493**	**53 990**	**53 990**	**31 067**	**16 429**	**17 261**
Municipal Infrastructure Grant (MIG)		11 898	9 202	10 292	40 793	12 001	12 001	25 657	12 589	13 211
Regional Bulk Infrastructure		–	3 000	14 000	1 700	26 689	26 689	3 910	–	–
Integrated National Electrification Programme		1 500	–	7 500	1 000	4 000	4 000	1 500	3 840	4 050
Water Infrastructure Grant		–	–	3 199		11 300	11 300	–	–	–
Provincial Government:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total capital expenditure of Transfers and Gra		**13 398**	**12 202**	**34 991**	**43 493**	**53 990**	**53 990**	**31 067**	**16 429**	**17 261**
TOTAL EXPENDITURE OF TRANSFERS AND GI		**53 999**	**52 185**	**75 752**	**87 679**	**98 262**	**98 262**	**78 887**	**66 390**	**70 946**

Table 37 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

NC073 Emthanjeni - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds										
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Operating transfers and grants:	1,3									
National Government:										
Current year receipts		39 493	39 060	39 880	43 493	43 579	43 579	47 820	49 961	53 685
Conditions met - transferred to revenue		**39 493**	**39 060**	**39 880**	**43 493**	**43 579**	**43 579**	**47 820**	**49 961**	**53 685**
Provincial Government:										
Current year receipts		1 142	1 161	881	693	693	693	–	–	–
Conditions met - transferred to revenue		**1 142**	**1 161**	**881**	**693**	**693**	**693**	**–**	**–**	**–**
District Municipality:										
Conditions met - transferred to revenue		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other grant providers:										
Conditions met - transferred to revenue		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total operating transfers and grants revenue		**40 635**	**40 221**	**40 761**	**44 186**	**44 272**	**44 272**	**47 820**	**49 961**	**53 685**
Total operating transfers and grants - CTBM	2	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Capital transfers and grants:	1,3									
National Government:										
Current year receipts		10 195	10 478	34 991	52 190	53 990	53 990	31 067	16 429	17 261
Conditions met - transferred to revenue		**10 195**	**10 478**	**34 991**	**52 190**	**53 990**	**53 990**	**31 067**	**16 429**	**17 261**
Provincial Government:										
Conditions met - transferred to revenue		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
District Municipality:										
Conditions met - transferred to revenue		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other grant providers:										
Conditions met - transferred to revenue		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total capital transfers and grants revenue		**10 195**	**10 478**	**34 991**	**52 190**	**53 990**	**53 990**	**31 067**	**16 429**	**17 261**
Total capital transfers and grants - CTBM	2	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL TRANSFERS AND GRANTS REVENUE		**50 830**	**50 699**	**75 752**	**96 376**	**98 262**	**98 262**	**78 887**	**66 390**	**70 946**
TOTAL TRANSFERS AND GRANTS - CTBM		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

2.9.6 Councillor and employee benefits

Table 38 MBRR SA22 - Summary of councillor and staff benefits

NC073 Emthanjeni - Supporting Table SA22 Summary councillor and staff benefits										
Summary of Employee and Councillor remuneration	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		2 991	3 320	3 810	3 840	3 840	3 840	4 109	4 397	4 705
Motor Vehicle Allowance		1 051	1 034	1 096	1 381	1 381	1 381	1 464	1 535	1 610
Cellphone Allowance		313	392	416	564	564	564	603	646	691
Housing Allowances		–	–	–	–	–	–	–		
Other benefits and allowances		47	13	13	55	55	55	59	63	67
Sub Total - Councillors		**4 401**	**4 759**	**5 335**	**5 840**	**5 840**	**5 840**	**6 235**	**6 641**	**7 072**
% increase	4		**8.1%**	**12.1%**	**9.5%**	**–**	**–**	**6.8%**	**6.5%**	**6.5%**
Senior Managers of the Municipality	2									
Basic Salaries and Wages		4 442	4 019	4 300	4 259	4 259	4 259	4 557	4 876	5 218
Pension and UIF Contributions		608	542	580	616	616	616	659	705	754
Medical Aid Contributions		110	96	102	74	74	74	79	85	91
Motor Vehicle Allowance	3	814	831	889	770	770	770	824	881	943
Cellphone Allowance	3	155	159	170	305	305	305	327	350	374
Housing Allowances	3	–	–	–	–	–	–	–	–	–
Other benefits and allowances	3	240	245	263	76	76	76	82	87	94
Sub Total - Senior Managers of Municipality		**6 370**	**5 891**	**6 304**	**6 100**	**6 100**	**6 100**	**6 527**	**6 984**	**7 473**
% increase	4		**(7.5%)**	**7.0%**	**(3.2%)**	**–**	**–**	**7.0%**	**7.0%**	**7.0%**
Other Municipal Staff										
Basic Salaries and Wages		47 828	46 335	53 210	56 858	56 858	56 858	60 757	64 570	68 621
Pension and UIF Contributions		8 057	7 806	8 352	11 865	11 865	11 865	12 695	13 584	14 535
Medical Aid Contributions		1 614	1 564	1 673	2 042	2 042	2 042	2 185	2 338	2 502
Overtime		2 006	1 944	2 080	1 334	1 334	1 334	1 427	1 527	1 634
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	3	1 050	1 017	1 088	1 882	1 882	1 882	2 013	2 154	2 305
Cellphone Allowance	3	207	200	214	232	232	232	249	266	285
Housing Allowances	3	733	710	760	863	863	863	923	988	1 057
Other benefits and allowances	3	3 063	2 967	3 175	1 073	1 073	1 073	1 148	1 229	1 315
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	56	54	58	42	42	42	44	48	51
Sub Total - Other Municipal Staff		**64 614**	**62 598**	**70 611**	**76 190**	**76 190**	**76 190**	**81 442**	**86 703**	**92 304**
% increase	4		**(3.1%)**	**12.8%**	**7.9%**	**–**	**–**	**6.9%**	**6.5%**	**6.5%**
Total Parent Municipality		**75 386**	**73 249**	**82 250**	**88 131**	**88 131**	**88 131**	**94 205**	**100 328**	**106 849**
			(2.8%)	**12.3%**	**7.2%**	**–**	**–**	**6.9%**	**6.5%**	**6.5%**
TOTAL SALARY, ALLOWANCES & BENEFITS		**75 386**	**73 249**	**82 250**	**88 131**	**88 131**	**88 131**	**94 205**	**100 328**	**106 849**
% increase	4		**(2.8%)**	**12.3%**	**7.2%**	**–**	**–**	**6.9%**	**6.5%**	**6.5%**
TOTAL MANAGERS AND STAFF	5,7	**70 984**	**68 489**	**76 915**	**82 291**	**82 291**	**82 291**	**87 969**	**93 687**	**99 777**

Table 39 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

NC073 Emthanjeni - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1. Rand per annum	Ref	No.	Salary	Contribution 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
Councillors	3							
Speaker	4	1	545 659	5 153	238 626			789 438
Chief Whip			–	–	–			–
Executive Mayor		1	665 272	5 950	278 497			949 719
Deputy Executive Mayor				–	–			–
Executive Committee		3	851 378	11 049	421 944			1 284 371
Total for all other councillors		10	2 046 859	32 655	1 132 252			3 211 766
Total Councillors	8	**15**	**4 109 168**	**54 807**	**2 071 320**			**6 235 295**
Senior Managers of the Municipality	5							
Municipal Manager (MM)		1	963 777	174 976	484 914			1 623 667
Chief Finance Officer		1	996 667	23 577	266 541			1 286 785
Director Corporate Services		1	831 307	198 512	159 598			1 189 417
Director Infrastructural Services		1	896 817	159 693	67 838			1 124 348
Director Community Services		1	868 669	181 298	253 184			1 303 151
								–
List of each offical with packages >= senior manager								
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
Total Senior Managers of the Municipality	8,10	**5**	**4 557 239**	**738 055**	**1 232 075**	**–**		**6 527 369**

Table 40 MBRR SA24 – Summary of personnel numbers

NC073 Emthanjeni - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2017/18			Current Year 2018/19			Budget Year 2019/20		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		14	2	12	14	2	12	14	2	12
Board Members of municipal entities	4	–	–	–	–	–	–	–	–	–
Municipal employees	5	–	–	–	–	–	–	–	–	–
Municipal Manager and Senior Managers	3	5	–	5	5	3	2	5	4	1
Other Managers	7	7	6	1	9	8	1	9	9	–
Professionals		*6*	*6*	–	*6*	*6*	–	*6*	*6*	–
Finance		4	4	–	4	4	–	4	4	–
Spatial/town planning		–	–	–	–	–	–	–	–	–
Information Technology		1	1	–	1	1	–	1	1	–
Roads		–	–	–	–	–	–	–	–	–
Electricity		1	1	–	1	1	–	1	1	–
Water			–	–		–	–		–	–
Sanitation		–	–	–	–	–	–	–	–	–
Refuse		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Technicians		*33*	*31*	*2*	*33*	*31*	*2*	*33*	*31*	*2*
Finance		5	3	2	5	3	2	5	3	2
Spatial/town planning		–	–	–	–	–	–	–	–	–
Information Technology		–	–	–	–	–	–	–	–	–
Roads		3	3	–	3	3	–	3	3	–
Electricity		6	6		6	6		6	6	
Water		2	2	–	2	2	–	2	2	–
Sanitation		–	–	–	–	–	–	–	–	–
Refuse		–	–	–	–	–	–	–	–	–
Other		17	17	–	17	17	–	17	17	–
Clerks (Clerical and administrative)		138	136	2	138	136	2	138	136	2
Service and sales workers		–	–	–	–	–	–	–	–	–
Skilled agricultural and fishery workers		–	–	–	–	–	–	–	–	–
Craft and related trades		45	45	–	45	45	–	45	45	–
Plant and Machine Operators		40	40	–	40	40	–	40	40	–
Elementary Occupations		170	169	10	170	169	10	170	169	10
TOTAL PERSONNEL NUMBERS	9	**458**	**435**	**32**	**460**	**440**	**29**	**460**	**442**	**27**

2.9.7 Monthly targets for revenue, expenditure and cash flow

Table 41 MBRR SA25 - Budgeted monthly revenue and expenditure

NC073 Emthanjeni - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source																
Property rates		2 587	2 587	2 587	2 587	2 587	2 587	2 587	2 587	2 587	2 587	2 587	2 587	31 047	32 910	34 884
Service charges - electricity revenue		4 959	4 959	4 959	4 959	4 959	4 959	4 959	4 959	4 959	4 959	4 959	4 959	59 510	63 080	66 865
Service charges - water revenue		2 656	2 656	2 656	2 656	2 656	2 656	2 656	2 656	2 656	2 656	2 656	2 656	31 866	33 619	35 468
Service charges - sanitation revenue		1 619	1 619	1 619	1 619	1 619	1 619	1 619	1 619	1 619	1 619	1 619	1 619	19 434	20 503	21 630
Service charges - refuse revenue		929	929	929	929	929	929	929	929	929	929	929	929	11 148	11 761	12 408
Rental of facilities and equipment		74	74	74	74	74	74	74	74	74	74	74	74	891	953	1 020
Interest earned - external investments		88	88	88	88	88	88	88	88	88	88	88	88	1 056	1 130	1 209
Interest earned - outstanding debtors		119	119	119	119	119	119	119	119	119	119	119	119	1 428	1 528	1 635
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		335	335	335	335	335	335	335	335	335	335	335	335	4 023	4 304	4 606
Licences and permits		188	188	188	188	188	188	188	188	188	188	188	188	2 256	2 414	2 583
Agency services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		3 985	3 985	3 985	3 985	3 985	3 985	3 985	3 985	3 985	3 985	3 985	3 985	47 820	49 961	53 685
Other revenue		2 491	2 491	2 491	2 491	2 491	2 491	2 491	2 491	2 491	2 491	2 491	2 491	29 888	31 727	33 679
Gains on disposal of PPE		17	17	17	17	17	17	17	17	17	17	17	17	200	200	200
Total Revenue (excluding capital transfers and cont		**20 047**	**20 047**	**20 047**	**20 047**	**20 047**	**20 047**	**20 047**	**20 047**	**20 047**	**20 047**	**20 047**	**20 047**	**240 567**	**254 091**	**269 873**
Expenditure By Type																
Employee related costs		7 331	7 331	7 331	7 331	7 331	7 331	7 331	7 331	7 331	7 331	7 331	7 331	87 969	93 687	99 777
Remuneration of councillors		520	520	520	520	520	520	520	520	520	520	520	520	6 235	6 641	7 072
Debt impairment		618	618	618	618	618	618	618	618	618	618	618	618	7 421	7 866	8 378
Depreciation & asset impairment		848	848	848	848	848	848	848	848	848	848	848	848	10 175	10 785	11 432
Finance charges		170	170	170	170	170	170	170	170	170	170	170	170	2 038	1 915	1 478
Bulk purchases		5 779	5 779	5 779	5 779	5 779	5 779	5 779	5 779	5 779	5 779	5 779	5 779	69 351	74 206	79 400
Other materials		1 215	1 215	1 215	1 215	1 215	1 215	1 215	1 215	1 215	1 215	1 215	1 215	14 575	13 938	14 630
Contracted services		1 060	1 060	1 060	1 060	1 060	1 060	1 060	1 060	1 060	1 060	1 060	1 060	12 724	12 187	12 179
Transfers and subsidies		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other expenditure		3 408	3 408	3 408	3 408	3 408	3 408	3 408	3 408	3 408	3 408	3 408	3 408	40 898	41 968	44 365
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**251 387**	**263 193**	**278 712**
Surplus/(Deficit)		**(902)**	**(902)**	**(902)**	**(902)**	**(902)**	**(902)**	**(902)**	**(902)**	**(902)**	**(902)**	**(902)**	**(902)**	**(10 820)**	**(9 103)**	**(8 839)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		2 589	2 589	2 589	2 589	2 589	2 589	2 589	2 589	2 589	2 589	2 589	2 589	31 067	16 429	17 261
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**20 247**	**7 326**	**8 422**
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**20 247**	**7 326**	**8 422**

Table 42 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

NC073 Emthanjeni - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote																
Vote 1 - EXECUTIVE AND COUNCIL		413	413	413	413	413	413	413	413	413	413	413	413	4 955	5 307	5 694
Vote 2 - FINANCE AND ADMINISTRATION		4 416	4 416	4 416	4 416	4 416	4 416	4 416	4 416	4 416	4 416	4 416	4 416	52 991	56 362	60 004
Vote 3 - PLANNING AND DEVELOPMENT		2 240	2 240	2 240	2 240	2 240	2 240	2 240	2 240	2 240	2 240	2 240	2 240	26 877	12 589	13 211
Vote 4 - HEALTH		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 5 - COMMUNITY AND SOCIAL SERVICES		76	76	76	76	76	76	76	76	76	76	76	76	909	971	1 039
Vote 6 - PUBLIC SAFETY		454	454	454	454	454	454	454	454	454	454	454	454	5 453	5 834	6 243
Vote 7 - SPORT AND RECREATION		15	15	15	15	15	15	15	15	15	15	15	15	185	198	212
Vote 8 - ROAD TRANSPORT		45	45	45	45	45	45	45	45	45	45	45	45	540	578	619
Vote 9 - OTHER		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - HOUSING SERVICES		4	4	4	4	4	4	4	4	4	4	4	4	49	52	55
Vote 11 - WASTE MANAGEMENT		1 427	1 427	1 427	1 427	1 427	1 427	1 427	1 427	1 427	1 427	1 427	1 427	17 123	18 182	19 323
Vote 12 - WASTE WATER MANAGEMENT		2 423	2 423	2 423	2 423	2 423	2 423	2 423	2 423	2 423	2 423	2 423	2 423	29 079	30 868	32 792
Vote 13 - ELECTRICITY		7 439	7 439	7 439	7 439	7 439	7 439	7 439	7 439	7 439	7 439	7 439	7 439	89 272	96 921	102 768
Vote 14 - WATER		3 683	3 683	3 683	3 683	3 683	3 683	3 683	3 683	3 683	3 683	3 683	3 683	44 201	42 657	45 175
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue by Vote		**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**271 634**	**270 520**	**287 134**
Expenditure by Vote to be appropriated																
Vote 1 - EXECUTIVE AND COUNCIL		1 422	1 422	1 422	1 422	1 422	1 422	1 422	1 422	1 422	1 422	1 422	1 422	17 059	18 114	19 095
Vote 2 - FINANCE AND ADMINISTRATION		3 294	3 294	3 294	3 294	3 294	3 294	3 294	3 294	3 294	3 294	3 294	3 294	39 529	40 699	42 500
Vote 3 - PLANNING AND DEVELOPMENT		1 198	1 198	1 198	1 198	1 198	1 198	1 198	1 198	1 198	1 198	1 198	1 198	14 377	13 792	14 468
Vote 4 - HEALTH		14	14	14	14	14	14	14	14	14	14	14	14	167	177	187
Vote 5 - COMMUNITY AND SOCIAL SERVICES		1 131	1 131	1 131	1 131	1 131	1 131	1 131	1 131	1 131	1 131	1 131	1 131	13 577	14 434	15 346
Vote 6 - PUBLIC SAFETY		835	835	835	835	835	835	835	835	835	835	835	835	10 017	10 643	11 244
Vote 7 - SPORT AND RECREATION		462	462	462	462	462	462	462	462	462	462	462	462	5 544	5 898	6 275
Vote 8 - ROAD TRANSPORT		1 530	1 530	1 530	1 530	1 530	1 530	1 530	1 530	1 530	1 530	1 530	1 530	18 359	19 507	20 728
Vote 9 - OTHER		48	48	48	48	48	48	48	48	48	48	48	48	570	607	645
Vote 10 - HOUSING SERVICES		211	211	211	211	211	211	211	211	211	211	211	211	2 527	2 690	2 863
Vote 11 - WASTE MANAGEMENT		1 134	1 134	1 134	1 134	1 134	1 134	1 134	1 134	1 134	1 134	1 134	1 134	13 604	14 454	15 371
Vote 12 - WASTE WATER MANAGEMENT		1 193	1 193	1 193	1 193	1 193	1 193	1 193	1 193	1 193	1 193	1 193	1 193	14 319	13 603	14 222
Vote 13 - ELECTRICITY		7 083	7 083	7 083	7 083	7 083	7 083	7 083	7 083	7 083	7 083	7 083	7 083	84 993	90 786	96 898
Vote 14 - WATER		1 395	1 395	1 395	1 395	1 395	1 395	1 395	1 395	1 395	1 395	1 395	1 395	16 744	17 788	18 868
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure by Vote		**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**251 387**	**263 193**	**278 712**
Surplus/(Deficit) before assoc.		**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**20 247**	**7 326**	**8 422**
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**20 247**	**7 326**	**8 422**

Table 43 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

NC073 Emthanjeni - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional																
Governance and administration		**4 829**	**4 829**	**4 829**	**4 829**	**4 829**	**4 829**	**4 829**	**4 829**	**4 829**	**4 829**	**4 829**	**4 829**	**57 946**	**61 669**	**65 698**
Executive and council		413	413	413	413	413	413	413	413	413	413	413	413	4 955	5 307	5 694
Finance and administration		4 416	4 416	4 416	4 416	4 416	4 416	4 416	4 416	4 416	4 416	4 416	4 416	52 991	56 362	60 004
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety		**550**	**550**	**550**	**550**	**550**	**550**	**550**	**550**	**550**	**550**	**550**	**550**	**6 595**	**7 056**	**7 548**
Community and social services		76	76	76	76	76	76	76	76	76	76	76	76	909	971	1 039
Sport and recreation		15	15	15	15	15	15	15	15	15	15	15	15	185	198	212
Public safety		454	454	454	454	454	454	454	454	454	454	454	454	5 453	5 834	6 243
Housing		4	4	4	4	4	4	4	4	4	4	4	4	49	52	55
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**2 285**	**2 285**	**2 285**	**2 285**	**2 285**	**2 285**	**2 285**	**2 285**	**2 285**	**2 285**	**2 285**	**2 285**	**27 417**	**13 167**	**13 830**
Planning and development		2 240	2 240	2 240	2 240	2 240	2 240	2 240	2 240	2 240	2 240	2 240	2 240	26 877	12 589	13 211
Road transport		45	45	45	45	45	45	45	45	45	45	45	45	540	578	619
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		**14 973**	**14 973**	**14 973**	**14 973**	**14 973**	**14 973**	**14 973**	**14 973**	**14 973**	**14 973**	**14 973**	**14 973**	**179 675**	**188 628**	**200 058**
Energy sources		7 439	7 439	7 439	7 439	7 439	7 439	7 439	7 439	7 439	7 439	7 439	7 439	89 272	96 921	102 768
Water management		3 683	3 683	3 683	3 683	3 683	3 683	3 683	3 683	3 683	3 683	3 683	3 683	44 201	42 657	45 175
Waste water management		2 423	2 423	2 423	2 423	2 423	2 423	2 423	2 423	2 423	2 423	2 423	2 423	29 079	30 868	32 792
Waste management		1 427	1 427	1 427	1 427	1 427	1 427	1 427	1 427	1 427	1 427	1 427	1 427	17 123	18 182	19 323
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue - Functional		**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**271 634**	**270 520**	**287 134**
Expenditure - Functional																
Governance and administration		**4 716**	**4 716**	**4 716**	**4 716**	**4 716**	**4 716**	**4 716**	**4 716**	**4 716**	**4 716**	**4 716**	**4 716**	**56 588**	**58 813**	**61 595**
Executive and council		1 347	1 347	1 347	1 347	1 347	1 347	1 347	1 347	1 347	1 347	1 347	1 347	16 160	17 159	18 080
Finance and administration		3 294	3 294	3 294	3 294	3 294	3 294	3 294	3 294	3 294	3 294	3 294	3 294	39 529	40 699	42 500
Internal audit		75	75	75	75	75	75	75	75	75	75	75	75	899	956	1 015
Community and public safety		**2 653**	**2 653**	**2 653**	**2 653**	**2 653**	**2 653**	**2 653**	**2 653**	**2 653**	**2 653**	**2 653**	**2 653**	**31 832**	**33 842**	**35 916**
Community and social services		1 131	1 131	1 131	1 131	1 131	1 131	1 131	1 131	1 131	1 131	1 131	1 131	13 577	14 434	15 346
Sport and recreation		462	462	462	462	462	462	462	462	462	462	462	462	5 544	5 898	6 275
Public safety		835	835	835	835	835	835	835	835	835	835	835	835	10 017	10 643	11 244
Housing		211	211	211	211	211	211	211	211	211	211	211	211	2 527	2 690	2 863
Health		14	14	14	14	14	14	14	14	14	14	14	14	167	177	187
Economic and environmental services		**2 728**	**2 728**	**2 728**	**2 728**	**2 728**	**2 728**	**2 728**	**2 728**	**2 728**	**2 728**	**2 728**	**2 728**	**32 736**	**33 300**	**35 196**
Planning and development		1 198	1 198	1 198	1 198	1 198	1 198	1 198	1 198	1 198	1 198	1 198	1 198	14 377	13 792	14 468
Road transport		1 530	1 530	1 530	1 530	1 530	1 530	1 530	1 530	1 530	1 530	1 530	1 530	18 359	19 507	20 728
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		**10 805**	**10 805**	**10 805**	**10 805**	**10 805**	**10 805**	**10 805**	**10 805**	**10 805**	**10 805**	**10 805**	**10 805**	**129 661**	**136 631**	**145 359**
Energy sources		7 083	7 083	7 083	7 083	7 083	7 083	7 083	7 083	7 083	7 083	7 083	7 083	84 993	90 786	96 898
Water management		1 395	1 395	1 395	1 395	1 395	1 395	1 395	1 395	1 395	1 395	1 395	1 395	16 744	17 788	18 868
Waste water management		1 193	1 193	1 193	1 193	1 193	1 193	1 193	1 193	1 193	1 193	1 193	1 193	14 319	13 603	14 222
Waste management		1 134	1 134	1 134	1 134	1 134	1 134	1 134	1 134	1 134	1 134	1 134	1 134	13 604	14 454	15 371
Other		48	48	48	48	48	48	48	48	48	48	48	48	570	607	645
Total Expenditure - Functional		**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**251 387**	**263 193**	**278 712**
Surplus/(Deficit) before assoc.		**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**20 247**	**7 326**	**8 422**
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**20 247**	**7 326**	**8 422**

Table 44 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

NC073 Emthanjeni - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)																
Description	Ref	Budget Year 2019/20												Medium Term Revenue and		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Multi-year expenditure *to be appropriated*	1															
Single-year expenditure *to be appropriated*																
Vote 1 - EXECUTIVE AND COUNCIL		136	136	136	136	136	136	136	136	136	136	136	136	1 631	1 729	1 833
Vote 2 - FINANCE AND ADMINISTRATION		67	67	67	67	67	67	67	67	67	67	67	67	809	858	909
Vote 3 - PLANNING AND DEVELOPMENT		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 4 - HEALTH		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 5 - COMMUNITY AND SOCIAL SERVICES		6	6	6	6	6	6	6	6	6	6	6	6	69	73	78
Vote 6 - PUBLIC SAFETY		3	3	3	3	3	3	3	3	3	3	3	3	30	32	34
Vote 7 - SPORT AND RECREATION		3	3	3	3	3	3	3	3	3	3	3	3	34	36	38
Vote 8 - ROAD TRANSPORT		2 346	2 346	2 346	2 346	2 346	2 346	2 346	2 346	2 346	2 346	2 346	2 346	28 155	14 927	15 690
Vote 9 - OTHER		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - HOUSING SERVICES		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - WASTE MANAGEMENT		1	1	1	1	1	1	1	1	1	1	1	1	9	10	10
Vote 12 - WASTE WATER MANAGEMENT		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - ELECTRICITY		148	148	148	148	148	148	148	148	148	148	148	148	1 770	4 126	4 353
Vote 14 - WATER		326	326	326	326	326	326	326	326	326	326	326	326	3 910	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total	2	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**36 418**	**21 792**	**22 946**
Total Capital Expenditure	2	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**36 418**	**21 792**	**22 946**

Table 45 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

NC073 Emthanjeni - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)																
Description	Ref	Budget Year 2019/20												Medium Term Revenue and		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital Expenditure - Functional	1															
Governance and administration		**278**	**278**	**278**	**278**	**278**	**278**	**278**	**278**	**278**	**278**	**278**	**278**	**3 341**	**2 587**	**2 742**
Executive and council		136	136	136	136	136	136	136	136	136	136	136	136	1 631	1 729	1 833
Finance and administration		142	142	142	142	142	142	142	142	142	142	142	142	1 709	858	909
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety		**111**	**111**	**111**	**111**	**111**	**111**	**111**	**111**	**111**	**111**	**111**	**111**	**1 334**	**142**	**150**
Community and social services		106	106	106	106	106	106	106	106	106	106	106	106	1 269	73	78
Sport and recreation		3	3	3	3	3	3	3	3	3	3	3	3	34	36	38
Public safety		3	3	3	3	3	3	3	3	3	3	3	3	30	32	34
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**2 513**	**2 513**	**2 513**	**2 513**	**2 513**	**2 513**	**2 513**	**2 513**	**2 513**	**2 513**	**2 513**	**2 513**	**30 155**	**14 927**	**15 690**
Planning and development		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Road transport		2 513	2 513	2 513	2 513	2 513	2 513	2 513	2 513	2 513	2 513	2 513	2 513	30 155	14 927	15 690
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		**1 132**	**1 132**	**1 132**	**1 132**	**1 132**	**1 132**	**1 132**	**1 132**	**1 132**	**1 132**	**1 132**	**1 132**	**13 589**	**4 136**	**4 363**
Energy sources		314	314	314	314	314	314	314	314	314	314	314	314	3 770	4 126	4 353
Water management		576	576	576	576	576	576	576	576	576	576	576	576	6 910	–	–
Waste water management		58	58	58	58	58	58	58	58	58	58	58	58	700	–	–
Waste management		184	184	184	184	184	184	184	184	184	184	184	184	2 209	10	10
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	2	**4 035**	**4 035**	**4 035**	**4 035**	**4 035**	**4 035**	**4 035**	**4 035**	**4 035**	**4 035**	**4 035**	**4 035**	**48 418**	**21 792**	**22 946**
Funded by:																
National Government		2 589	2 589	2 589	2 589	2 589	2 589	2 589	2 589	2 589	2 589	2 589	**2 589**	**31 067**	**16 429**	**17 261**
Provincial Government		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital		**2 589**	**2 589**	**2 589**	**2 589**	**2 589**	**2 589**	**2 589**	**2 589**	**2 589**	**2 589**	**2 589**	**2 589**	**31 067**	**16 429**	**17 261**
Borrowing		1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	12 000	–	–
Internally generated funds		446	446	446	446	446	446	446	446	446	446	446	446	5 351	5 363	5 685
Total Capital Funding		**4 035**	**4 035**	**4 035**	**4 035**	**4 035**	**4 035**	**4 035**	**4 035**	**4 035**	**4 035**	4 035	4 035	48 418	21 792	22 946

Table 46 MBRR SA30 - Budgeted monthly cash flow

NC073 Emthanjeni - Supporting Table SA30 Budgeted monthly cash flow															
MONTHLY CASH FLOWS	Budget Year 2019/20												Medium Term Revenue and		
R thousand	July	August	Sept.	October	Novembe r	Decembe r	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash Receipts By Source													1		
Property rates	2 329	2 329	2 329	2 329	2 329	2 329	2 329	2 329	2 329	2 329	2 329	2 329	27 942	28 631	29 652
Service charges - electricity revenue	4 562	4 562	4 562	4 562	4 562	4 562	4 562	4 562	4 562	4 562	4 562	4 562	54 749	58 034	60 179
Service charges - water revenue	2 470	2 470	2 470	2 470	2 470	2 470	2 470	2 470	2 470	2 470	2 470	2 470	29 636	31 602	32 985
Service charges - sanitation revenue	1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	17 102	17 632	18 386
Service charges - refuse revenue	808	808	808	808	808	808	808	808	808	808	808	808	9 699	8 821	9 306
Rental of facilities and equipment	69	69	69	69	69	69	69	69	69	69	69	69	833	891	954
Interest earned - external investments	88	88	88	88	88	88	88	88	88	88	88	88	1 056	1 130	1 209
Interest earned - outstanding debtors	–	–	–	–	–	–	–	–	–	–	–	–			
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–			
Fines, penalties and forfeits	303	303	303	303	303	303	303	303	303	303	303	303	3 641	3 895	4 168
Licences and permits	150	150	150	150	150	150	150	150	150	150	150	150	1 805	1 931	2 066
Agency services	–	–	–	–	–	–	–	–	–	–	–	–			
Transfer receipts - operational	3 985	3 985	3 985	3 985	3 985	3 985	3 985	3 985	3 985	3 985	3 985	3 985	47 820	49 961	53 685
Other revenue	2 391	2 391	2 391	2 391	2 391	2 391	2 391	2 391	2 391	2 391	2 391	2 391	28 693	30 617	32 669
Cash Receipts by Source	**18 581**	**18 581**	**18 581**	**18 581**	**18 581**	**18 581**	**18 581**	**18 581**	**18 581**	**18 581**	**18 581**	**18 581**	**222 975**	**233 146**	**245 259**
Other Cash Flows by Source															
Transfer receipts - capital	2 589	2 589	2 589	2 589	2 589	2 589	2 589	2 589	2 589	2 589	2 589	2 589	31 067	16 429	17 261
Proceeds on disposal of PPE	17	17	17	17	17	17	17	17	17	17	17	17	200	200	200
Short term loans	–	–	–	–	–	–	–	–	–	–	–	–			
Borrowing long term/refinancing	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	12 000		
Increase (decrease) in consumer depos	2	2	2	2	2	2	2	2	2	2	2	2	28	15	20
Decrease (Increase) in non-current debt	–	–	–	–	–	–	–	–	–	–	–	–			
Decrease (increase) other non-current re	–	–	–	–	–	–	–	–	–	–	–	–			
Decrease (increase) in non-current inves	–	–	–	–	–	–	–	–	–	–	–	–			
Total Cash Receipts by Source	**22 189**	**22 189**	**22 189**	**22 189**	**22 189**	**22 189**	**22 189**	**22 189**	**22 189**	**22 189**	**22 189**	**22 189**	**266 269**	**249 790**	**262 740**
Cash Payments by Type															
Employee related costs	6 964	6 964	6 964	6 964	6 964	6 964	6 964	6 964	6 964	6 964	6 964	6 964	83 571	89 003	94 788
Remuneration of councillors	520	520	520	520	520	520	520	520	520	520	520	520	6 235	6 641	7 072
Finance charges	170	170	170	170	170	170	170	170	170	170	170	170	2 038	1 915	1 478
Bulk purchases - Electricity	4 938	4 938	4 938	4 938	4 938	4 938	4 938	4 938	4 938	4 938	4 938	4 938	59 257	63 405	67 843
Bulk purchases - Water & Sewer	231	231	231	231	231	231	231	231	231	231	231	231	2 771	2 964	3 172
Other materials	1 130	1 130	1 130	1 130	1 130	1 130	1 130	1 130	1 130	1 130	1 130	1 130	13 555	12 962	13 606
Contracted services	1 060	1 060	1 060	1 060	1 060	1 060	1 060	1 060	1 060	1 060	1 060	1 060	12 724	12 187	12 179
Transfers and grants - other municipaliti	–	–	–	–	–	–	–	–	–	–	–	–			
Transfers and grants - other	–	–	–	–	–	–	–	–	–	–	–	–			
Other expenditure	3 136	3 136	3 136	3 136	3 136	3 136	3 136	3 136	3 136	3 136	3 136	3 136	37 626	38 191	39 929
Cash Payments by Type	**18 148**	**18 148**	**18 148**	**18 148**	**18 148**	**18 148**	**18 148**	**18 148**	**18 148**	**18 148**	**18 148**	**18 148**	**217 777**	**227 268**	**240 067**
Other Cash Flows/Payments by Type															
Capital assets	4 035	4 035	4 035	4 035	4 035	4 035	4 035	4 035	4 035	4 035	4 035	4 035	48 418	21 792	22 946
Repayment of borrowing	44	44	44	44	44	44	44	44	44	44	44	44	527	448	381
Other Cash Flows/Payments	–	–	–	–	–	–	–	–	–	–	–	–	–	-	–
Total Cash Payments by Type	**22 227**	**22 227**	**22 227**	**22 227**	**22 227**	**22 227**	**22 227**	**22 227**	**22 227**	**22 227**	**22 227**	**22 227**	**266 722**	**249 508**	**263 394**
NET INCREASE/(DECREASE) IN CASH HELD	**(38)**	**(38)**	**(38)**	**(38)**	**(38)**	**(38)**	**(38)**	**(38)**	**(38)**	**(38)**	**(38)**	**(38)**	**(453)**	**282**	**(654)**
Cash/cash equivalents at the month/year b	1 279	1 241	1 204	1 166	1 128	1 090	1 053	1 015	977	939	902	864	1 279	826	1 108
Cash/cash equivalents at the month/year e	1 241	1 204	1 166	1 128	1 090	1 053	1 015	977	939	902	864	826	826	1 108	454

2.9.8 Annual budgets and SDBIPs – internal departments

2.9.8.1 Water Services Department – Vote 14

The department is primarily responsible for the distribution of potable water within the municipal boundary, which includes the purification of raw water, maintenance of the reticulation network and implementation of the departmental capital programme.

There are currently no unfilled positions in the top management structure of the Water Services Department. The top management structure consists of the Director of Infrastructural and Housing Services, three Managers who report directly to him.

The departmental strategy is ensuring the economic value and useful life of the water reticulation network and infrastructure is maintained. The departmental revenue base is primarily informed by the sale of water of which budget appropriation for the 2019/20financial year is and has been informed by a collection rate of 90 per cent and distribution losses of 12 per cent.

The establishment of a water demand management unit has proven to be extremely successful with the reduction of distribution losses by 2.6 per cent for the 2016/17 financial year. The further expansion of this unit will inevitably result in the further lowering of the distribution losses, thus paying for the unit itself and effecting additional savings for the municipality.

2.10 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.11 Capital expenditure details

The following three table's present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and daftly on the repair and maintenance of assets.

Table 47 MBRR SA 34a - Capital expenditure on new assets by asset class

NC073 Emthanjeni - Supporting Table SA34a Capital expenditure on new assets by asset class										
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		**10 436**	**9 594**	**34 991**	**52 190**	**53 990**	**53 990**	**31 067**	**16 429**	**17 261**
Roads Infrastructure		6 673	5 831	–	12 001	12 001	12 001	25 657	12 589	13 211
Roads		6 673	5 831		12 001	12 001	12 001	25 657	12 589	13 211
Storm water Infrastructure		–	–	10 292	–	–	–	–	–	–
Drainage Collection				–						
Storm water Conveyance				10 292						
Attenuation				–						
Electrical Infrastructure		2 589	2 589	7 500	13 500	13 500	13 500	1 500	3 840	4 050
HV Transmission Conductors		2 589	2 589	7 500	4 000	4 000	4 000	1 500	3 840	4 050
Capital Spares					9 500	9 500	9 500			
Water Supply Infrastructure		–	–	17 199	26 689	28 489	28 489	3 910	–	–
Dams and Weirs						–	–			
Boreholes				14 000	26 689	28 489	28 489	3 910	–	–
Capital Spares				3 199		–	–			
Sanitation Infrastructure		1 173	1 173	–	–	–	–	–	–	–
Waste Water Treatment Works		1 173	1 173							
Capital Spares										
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Capital Spares										
Information and Communication Infr		–	–	–	–	–	–	–	–	–
Community Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Other assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
Intangible Assets		–	–	–	–	–	–	–	–	–
Servitudes										
Licences and Rights		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Land										
Zoo's, Marine and Non-biological		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on	1	**10 436**	**9 594**	**34 991**	**52 190**	**53 990**	**53 990**	**31 067**	**16 429**	**17 261**

Table 48 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

NC073 Emthanjeni - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class										
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		–	691	3 402	2 400	2 400	2 400	1 750	1 855	1 966
Roads Infrastructure		–	691	2 800	2 000	2 000	2 000	1 750	1 855	1 966
Roads			691	2 800	2 000	2 000	2 000	1 750	1 855	1 966
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	500	–	–	–	–	–	–
Capital Spares				500						
Water Supply Infrastructure		–	–	80	–	–	–	–	–	–
Distribution				80						
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	22	400	400	400	–	–	–
Capital Spares				22	400	400	400			
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication		–	–	–	–	–	–	–	–	–
Community Assets		–	–	145	256	256	256	10	10	11
Community Facilities		–	–	120	256	256	256	10	10	11
Halls				105	256	256	256			
Cemeteries/Crematoria				15	–	–	–	10	10	11
Sport and Recreation Facilities		–	–	25	–	–	–	–	–	–
Indoor Facilities										
Outdoor Facilities				25						
Capital Spares										
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Other assets		65	66	320	410	410	410	163	173	183
Operational Buildings		65	66	320	410	410	410	163	173	183
Municipal Offices		65	65	320	410	410	410	163	173	183
Housing		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
Intangible Assets		6	16	680	480	480	480	–	–	–
Servitudes										
Licences and Rights		6	16	680	480	480	480	–	–	–
Solid Waste Licenses					–	–	–			
Computer Software and Applica		6	16	680	480	480	480			
Computer Equipment		513	–	1 830	1 910	1 910	1 910	2 060	2 184	2 315
Computer Equipment		513		1 830	1 910	1 910	1 910	2 060	2 184	2 315
Furniture and Office Equipment		–	252	265	160	160	160	175	185	196
Furniture and Office Equipment			252	265	160	160	160	175	185	196
Machinery and Equipment		612	489	148	630	630	630	1 194	956	1 013
Machinery and Equipment		612	489	148	630	630	630	1 194	956	1 013
Transport Assets		14	9 725	–	–	–	–	12 000	–	–
Transport Assets		14	9 725					12 000		
Land		–	–	–	–	–	–	–	–	–
Land										
Zoo's, Marine and Non-biologic		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure o	1	1 210	11 238	6 790	6 246	6 246	6 246	17 351	5 363	5 685

Table 49 MBRR SA34c - Repairs and maintenance expenditure by asset class

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NC073 Emthanjeni - Supporting Table SA34c Repairs and maintenance expenditure by asset class										
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		**7 142**	**8 047**	**8 374**	**3 891**	**3 891**	**3 891**	**4 234**	**4 543**	**4 893**
Roads Infrastructure		628	674	1 002	369	369	369	401	431	464
Roads		628	674	1 002	369	369	369	401	431	464
Storm water Infrastructure		–	–	–	336	336	336	366	392	422
Storm water Conveyance					336	336	336	366	392	422
Electrical Infrastructure		3 128	3 511	3 511	1 732	1 732	1 732	1 885	2 022	2 178
HV Transmission Conductors		3 128	2 464	2 464	1 197	1 197	1 197	1 302	1 397	1 505
Capital Spares		–	1 048	1 048	536	536	536	583	625	673
Water Supply Infrastructure		699	783	783	1 380	1 380	1 380	1 502	1 611	1 735
Dams and Weirs					225	225	225	244	262	282
Water Treatment Works		699	783	783						
Distribution					1 155	1 155	1 155	1 257	1 349	1 453
Sanitation Infrastructure		8	19	19	74	74	74	81	87	94
Reticulation					74	74	74	81	87	94
Waste Water Treatment Works		8	19	19						
Solid Waste Infrastructure		2 679	3 059	3 059	–	–	–	–	–	–
Landfill Sites		2 679	3 059	3 059						
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Community Assets		**–**	**188**	**188**	**2 284**	**2 284**	**2 284**	**2 485**	**2 666**	**2 872**
Community Facilities		–	188	188	2 150	2 150	2 150	2 340	2 510	2 704
Capital Spares			188	188	2 150	2 150	2 150	2 340	2 510	2 704
Sport and Recreation Facilities		–	–	–	134	134	134	145	156	168
Indoor Facilities										
Outdoor Facilities					134	134	134	145	156	168
Capital Spares										
		1	1	1	1	1	1	1	1	1
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Other assets		**1 195**	**759**	**717**	**2 100**	**2 100**	**2 100**	**2 284**	**2 451**	**2 640**
Operational Buildings		1 195	759	717	2 100	2 100	2 100	2 284	2 451	2 640
Municipal Offices		908	575	507	1 902	1 902	1 902	2 070	2 221	2 392
Capital Spares		287	184	210	197	197	197	215	230	248
Housing		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Intangible Assets		–	520	254	1 708	1 708	1 708	1 858	1 994	2 148
Servitudes										
Licences and Rights		–	520	254	1 708	1 708	1 708	1 858	1 994	2 148
Computer Software and Applications		–	520	254	1 708	1 708	1 708	1 858	1 994	2 148
Computer Equipment		383	70	88	699	699	699	761	816	879
Computer Equipment		383	70	88	699	699	699	761	816	879
Furniture and Office Equipment		–	–	603	999	999	999	1 087	1 166	1 256
Furniture and Office Equipment				603	999	999	999	1 087	1 166	1 256
Machinery and Equipment		606	602	548	1 079	1 079	1 079	1 174	1 260	1 357
Machinery and Equipment		606	602	548	1 079	1 079	1 079	1 174	1 260	1 357
Transport Assets		1 913	1 404	1 452	6 637	6 637	6 637	7 221	7 748	8 345
Transport Assets		1 913	1 404	1 452	6 637	6 637	6 637	7 221	7 748	8 345
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Repairs and Maintenance Expenditure	1	**11 239**	**11 590**	**12 225**	**19 397**	**19 397**	**19 397**	**21 104**	**22 645**	**24 389**

2.12 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Three interns have been appointed, recruitment process have commenced for the appointment of another three. Since the introduction of the Internship programme the Municipality has successfully employed and trained 5 interns through this programme and a majority of them were appointed either in the Municipality or other Institutions. The interns were trained by institutions such as Kgolo Institute, KPMG, Ernest &Young, SARS, Auditor General, and National Treasury.
Newly appointed interns have not attended training as yet however it will commence in the 2018/2019 financial year.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An Audit Committee has been established and is fully functional. Capacitation training will be provided to Audit Committee members.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be Draftised after approval of the 2018/19 MTREF in June 2018 directly aligned and informed by the 2019/20 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MFMA Training

The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.

8. Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.13Other supporting documents

Table 50 MBRR Table SA1 - Supporting detail to budgeted financial performance

NC073 Emthanjeni - Supporting Table SA1 Supportinging detail to 'Budgeted Financial Performance'											
		2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
Description	Ref	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		21 905	26 117	30 752	53 479	53 479	53 479	53 479	56 420	59 241	62 203
less Revenue Foregone (exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)		–	–	–	25 716	25 716	25 716	25 716	27 130	28 487	29 911
Net Property Rates		21 905	26 117	30 752	27 763	27 763	27 763	27 763	29 289	30 754	32 292
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		61 034	67 805	76 314	58 966	56 166	56 166	56 166	58 374	61 585	64 972
less Revenue Foregone (in excess of 50 kwh per indigent household per month)											
less Cost of Free Basis Services (50 kwh per indigent household per month)		–	–	–	–	–	–		–	–	–
Net Service charges - electricity revenue		61 034	67 805	76 314	58 966	56 166	56 166	56 166	58 374	61 585	64 972
Service charges - water revenue	6										
Total Service charges - water revenue		20 888	22 236	24 128	30 346	30 346	30 346	30 346	32 365	34 145	36 023
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)											
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		–	–	–	–	–	–		–	–	–
Net Service charges - water revenue		20 888	22 236	24 128	30 346	30 346	30 346	30 346	32 365	34 145	36 023
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		10 691	10 937	11 622	18 938	18 938	18 938	18 938	20 780	21 923	23 129
less Revenue Foregone (in excess of free sanitation service to indigent households)											
less Cost of Free Basis Services (free sanitation service to indigent households)		–	–	–	–	–	–		–	–	–
Net Service charges - sanitation revenue		10 691	10 937	11 622	18 938	18 938	18 938	18 938	20 780	21 923	23 129
Service charges - refuse revenue	6										
Total refuse removal revenue		5 822	5 913	6 225	11 301	11 301	11 301	11 301	12 572	13 264	13 993
Total landfill revenue						–	–	–			
less Revenue Foregone (in excess of one removal a week to indigent households)						–	–	–			
less Cost of Free Basis Services (removed once a week to indigent households)		–	–	–	–	–	–		–	–	–
Net Service charges - refuse revenue		5 822	5 913	6 225	11 301	11 301	11 301	11 301	12 572	13 264	13 993
Other Revenue by source											
Prepaid Electricity Sales		6 660	2 388		26 906	22 906	22 906	22 906	23 717	24 855	25 974
Cemetery Fees		47	17	325	523	523	523	523	559	593	623
Sundry Income		–	–	980	204	204	204	204	217	230	241
Admission Fees		–	–	–	–	–	–	–	135	143	150
Connection fees		406	146	73	62	62	62	62	66	70	73
Special meter readings		24	9		50	50	50	50	54	57	60
Parking meters fees		–	16		–	–	–	–	–	–	–
Valuation certificates		24	26	–	19	19	19	19	20	21	22
Tender Documents				22	60	60	60	60	64	68	71
Rezoning Application				97	68	68	68	68	73	77	81
Other		264	140	466	228	228	228	228	3 075	3 259	3 422
Own Income - VAT	3	–		1 354							
Total 'Other' Revenue	1	7 426	2 742	3 316	28 120	24 120	24 120	24 120	27 980	29 373	30 717
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	48 248	49 889	52 042	58 222	58 534	58 534	58 534	62 485	65 959	68 972
Pension and UIF Contributions		7 564	8 407	8 785	10 439	10 407	10 407	10 407	11 053	11 495	11 902
Medical Aid Contributions		2 470	2 621	1 485	1 916	1 905	1 905	1 905	2 014	2 095	2 210
Overtime		2 365	3 056	3 755	1 424	1 424	1 424	1 424	1 651	1 688	1 748
Performance Bonus		–	–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		2 647	3 100	3 145	1 927	1 865	1 865	1 865	1 882	1 929	1 987
Cellphone Allowance		–	–	–	488	478	478	478	469	476	488
Housing Allowances		93	703	649	754	754	754	754	749	756	768
Other benefits and allowances		551	622	676	1 183	660	660	660	1 265	1 311	1 365
Payments in lieu of leave		–	–	–	578	576	576	576	747	788	841
Long service awards		299	382	139	–	–	–	–	–	–	–
Post-retirement benefit obligations	4	2 627	2 205	(2 188)	–	–	–	–	–	–	–
sub-total	5	66 864	70 984	68 489	76 930	76 602	76 602	76 602	82 315	86 498	90 281
Less: Employees costs capitalised to PPE					–	–	–	–	–	–	–
Total Employee related costs	1	66 864	70 984	68 489	76 930	76 602	76 602	76 602	82 315	86 498	90 281
Contributions recognised - capital											
Total Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		61 937	62 117	59 128	64 879	63 879	63 879	63 879	9 599	10 136	10 684
Lease amortisation		–	–	–	–	–	–	–			
Capital asset impairment		–	–	–	–	–	–	–			
Depreciation resulting from revaluation of PP	10	–	–	–	55 823	54 823	54 823	54 823			
Total Depreciation & asset impairment	1	61 937	62 117	59 128	9 056	9 056	9 056	9 056	9 599	10 136	10 684
Bulk purchases											
Electricity Bulk Purchases		45 222	52 295	56 758	57 992	57 992	57 992	57 992	62 225	64 963	69 965
Water Bulk Purchases		1 826	2 125	2 269	2 443	2 443	2 443	2 443	2 589	2 703	2 911
Total bulk purchases	1	47 049	54 420	59 027	60 434	60 434	60 434	60 434	64 814	67 666	72 876
Transfers and grants											
Cash transfers and grants		–	–	–	–	–	–	–	–	–	–
Non-cash transfers and grants		225	247	362	–	–	–	–	–	–	–
Total transfers and grants	1	225	247	362	–	–	–	–	–	–	–
Contracted services											
Proffessional Consultancy Fees		2 709	3 611	3 081	2 271	2 271	2 271	2 271	2 394	2 499	2 691
Prepaid Electricity Commission		–	–	3 118	2 648	2 648	2 648	2 648	2 754	2 875	3 096
Security Services		1 814	2 112	2 159	2 700	2 700	2 700	2 700	4 846	5 059	5 449
Traffic Violation Systems		3 095	3 359		2 200	2 200	2 200	2 200	2 319	2 421	2 607
sub-total	1	7 618	9 082	8 358	9 819	9 819	9 819	9 819	12 312	12 854	13 843
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		7 618	9 082	8 358	9 819	9 819	9 819	9 819	12 312	12 854	13 843
Other Expenditure By Type											
Collection costs		283	492	174	730	730	730	730	788	836	877
Contributions to 'other' provisions					658	658	658	658	572	579	596
Consultant fees		–	–	–	–	–	–	–	–	–	–
Audit fees		2 138	2 254	2 397	2 622	2 622	2 622	2 622	2 772	2 716	2 689
General expenses	3	2 490	2 358	3 135	15 048	14 913	14 913	14 913	15 201	14 376	14 959
Departmental Service Accounts		2 837	2 933	6 099	4 185	4 185	4 185	4 185	4 059	3 978	3 938
External Licences and Subscriptions		548	156	117	383	383	383	383	372	364	361
Fuel and Oil		3 394	2 094	2 595	3 162	3 162	3 162	3 162	3 067	3 006	2 975
General Valuation Roll expenses					420	420	420	420	407	399	395
Insurance		731	754	831	1 624	1 624	1 624	1 624	1 576	1 544	1 529
SALGA Membership Fees		620	37	707	730	730	730	730	750	735	728
Telephone expenses		1 218	1 395	1 653	997	997	997	997	967	948	939
Printing and Stationery		886	1 340	1 682	892	892	892	892	865	848	839
Protective Clothing		294	328	292	602	602	602	602	584	573	567
Publicity Costs		326	118	257	350	350	350	350	340	333	330
Tourism Strategy		86	25	17	36	36	36	36	35	34	34
Subsistence and Travel		2 412	1 837	1 225	1 400	1 400	1 400	1 400	1 358	1 331	1 318
Skills Development Training		–	–	50	440	440	440	440	427	419	415
Electricity Costs for Rural Water pumps		1 617	2 094	2 052	2 248	2 248	2 248	2 248	2 405	2 357	2 334
Employee Wellness expenses		2 075	1 839	1 454	1 320	1 320	1 320	1 320	1 280	1 255	1 242
Emthanjeni study assistance fund		–	–	–	120	120	120	120	116	114	113
Statutory contributions workman's compensation		–	–	–	291	291	291	291	750	735	728
Legal costs		–	–	196	345	345	345	345	335	328	325
Brand Execution		43	–	34	45	45	45	45	44	43	42
Cleaning materials		119	118	157	724	724	724	724	702	688	681
Moral Regeneration		–	–	–	150	150	150	150	146	143	141
SPLUMA Expenses		–	–	–	1 280	1 280	1 280	1 280	850	833	825
Total 'Other' Expenditure	1	22 118	20 173	25 125	40 805	40 669	40 669	40 669	40 770	39 514	39 920
Repairs and Maintenance by Expenditure Item	8										
Employee related costs		–	–	–	–	–	–	–	–	–	–
Other materials		7 417	7 997	10 591	9 107	9 107	9 107	9 107	9 908	10 631	11 450
Contracted Services		3 821	3 593	1 634	10 291	10 291	10 291	10 291	11 196	12 014	12 939
Other Expenditure		–	–	–	–	–	–	–	–	–	–
Total Repairs and Maintenance Expenditu	9	11 239	11 590	12 225	19 397	19 397	19 397	19 397	21 104	22 645	24 389

Table 51 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

NC073 Emthanjeni - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)																
Description	Ref	Vote 1 - EXECUTIVE AND COUNCIL	Vote 2 - FINANCE AND ADMINISTRATION	Vote 3 - PLANNING AND DEVELOPMENT	Vote 4 - HEALTH	Vote 5 - COMMUNITY AND SOCIAL	Vote 6 - PUBLIC SAFETY	Vote 7 - SPORT AND RECREATION	Vote 8 - ROAD TRANSPORT	Vote 9 - OTHER	Vote 10 - HOUSING SERVICES	Vote 11 - WASTE MANAGEMENT	Vote 12 - WASTE WATER MANAGEME	Vote 13 - ELECTRICITY	Vote 14 - WATER	Total
R thousand	1															
Revenue By Source																
Property rates			26 620													**26 620**
Service charges - electricity revenue														58 466		**58 466**
Service charges - water revenue															29 746	**29 746**
Service charges - sanitation revenue													18 458			**18 458**
Service charges - refuse revenue												10 701				**10 701**
Service charges - other			7			76					42					**125**
Rental of facilities and equipment		557				134		36	5							**732**
Interest earned - external investments			731													**731**
Interest earned - outstanding debtors			151								1	118	260	262	290	**1 083**
Fines, penalties and forfeits							3 440							280		**3 720**
Licences and permits							1 520		450							**1 970**
Other revenue		263	88			442	9	95	17				34	26 567	74	**27 589**
Transfers and subsidies		3 150	17 289	1 086		1 575						4 779	7 664	1 992	3 921	**41 455**
Gains on disposal of PPE		268														**268**
Total Revenue (excluding capital transfers and contributions)		**4 238**	**44 886**	**1 086**	**–**	**2 227**	**4 969**	**131**	**472**	**–**	**44**	**15 598**	**26 416**	**87 567**	**34 030**	**221 664**
Expenditure By Type																
Employee related costs		3 410	17 332	6 339		8 448	5 650	4 199	8 017	432	2 140	7 398	4 433	6 241	1 123	**75 162**
Remuneration of councillors		5 297														**5 297**
Debt impairment			2 456									841	1 097	3 610	1 674	**9 678**
Depreciation & asset impairment		15	1 022	26	132	1 564			3 909		58	248	667	556	859	**9 056**
Finance charges		288	182				94		473			1 603	838	1 102	1 174	**5 755**
Bulk purchases														57 992	2 843	**60 834**
Other materials		290	2 033	2 131		688	734	527	1 612	63	37	798	5 765	2 510	1 622	**18 807**
Contracted services			4 850	36			2 500							1 933		**9 319**
Transfers and subsidies																**–**
Other expenditure		5 338	8 124	3 839	21	2 647	969	805	3 102	195	161	6 527	2 099	4 109	8 068	**46 003**
Loss on disposal of PPE																**–**
Total Expenditure		**14 637**	**35 999**	**12 370**	**153**	**13 347**	**9 947**	**5 531**	**17 113**	**690**	**2 395**	**17 415**	**14 900**	**78 052**	**17 362**	**239 911**
Surplus/(Deficit)		**(10 399)**	**8 887**	**(11 284)**	**(153)**	**(11 119)**	**(4 978)**	**(5 400)**	**(16 641)**	**(690)**	**(2 352)**	**(1 817)**	**11 516**	**9 515**	**16 668**	**(18 247)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)				**12 292**										**6 000**	**14 000**	**32 292**
Surplus/(Deficit) after capital transfers & contributions		**(10 399)**	**8 887**	**1 008**	**(153)**	**(11 119)**	**(4 978)**	**(5 400)**	**(16 641)**	**(690)**	**(2 352)**	**(1 817)**	**11 516**	**15 515**	**30 668**	**14 045**

Table 52 MBRR Table SA3 – Supporting detail to Statement of Financial Position

NC073 Emthanjeni - Supporting Table SA3 Supportinging detail to 'Budgeted Financial Position'											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
ASSETS											
Call investment deposits											
Call deposits					8 416	10 302	10 302	10 302	8 483	8 843	8 306
Other current investments					–	–	–	–			
Total Call investment deposits	2	–	–	–	**8 416**	**10 302**	**10 302**	**10 302**	**8 483**	**8 843**	**8 306**
Consumer debtors											
Consumer debtors		60 532	62 890	71 098	63 519	63 519	63 519	63 519	69 639	78 542	87 961
Less: Provision for debt impairment					(7 213)	(7 213)	(7 213)	(7 213)	(7 421)	(7 866)	(8 378)
Total Consumer debtors	2	**60 532**	**62 890**	**71 098**	**56 306**	**56 306**	**56 306**	**56 306**	**62 218**	**70 676**	**79 584**
Debt impairment provision											
Balance at the beginning of the year					–	–	–	–			
Contributions to the provision					7 213	7 213	7 213	7 213	7 421	7 866	8 378
Bad debts written off					–	–	–	–			
Balance at end of year		–	–	–	**7 213**	**7 213**	**7 213**	**7 213**	**7 421**	**7 866**	**8 378**
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		889 675	788 593	782 998	1 139 240	1 135 412	1 135 412	1 135 412	831 416	853 208	876 154
Leases recognised as PPE	3	–	–		3 527	3 527	3 527	3 527			
Less: Accumulated depreciation		62 117			74 478	74 478	74 478	74 478			
Total Property, plant and equipment	2	**827 558**	**788 593**	**782 998**	**1 068 290**	**1 064 462**	**1 064 462**	**1 064 462**	**831 416**	**853 208**	**876 154**
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		–	–		–	–	–	–	–	–	–
Current portion of long-term liabilities		1 065	3 433	5 773	3 527	3 527	3 527	3 527	527	448	381
Total Current liabilities - Borrowing		**1 065**	**3 433**	**5 773**	**3 527**	**3 527**	**3 527**	**3 527**	**527**	**448**	**381**
Trade and other payables											
Trade Payables	5	39 274	46 477	73 405	37 182	40 010	40 010	40 010	50 811	55 492	57 671
Other creditors		4 996	3 858	3 564	–	–	–	–	–	–	–
Unspent conditional transfers		4 748	4 974		–	–	–	–	–	–	–
VAT					–	–	–	–	–	–	–
Total Trade and other payables	2	**49 018**	**55 309**	**76 969**	**37 182**	**40 010**	**40 010**	**40 010**	**50 811**	**55 492**	**57 671**
Non current liabilities - Borrowing											
Borrowing	4	619	4 702	36 896					11 473	11 025	10 644
Finance leases (including PPP asset element)				–							
Total Non current liabilities - Borrowing		**619**	**4 702**	**36 896**	**–**	**–**	**–**	**–**	**11 473**	**11 025**	**10 644**
Provisions - non-current											
Retirement benefits		46 507	36 198	46 937	33 591	33 591	33 591	33 591	36 950	44 340	5 321
List other major provision items											
Refuse landfill site rehabilitation			–		76	76	76	76	–	–	–
Other			8 013		3 476	3 476	3 476	3 476	3 824	4 206	4 585
Total Provisions - non-current		**46 507**	**44 211**	**46 937**	**37 143**	**37 143**	**37 143**	**37 143**	**40 774**	**48 546**	**9 906**
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening bal		920 243	805 938	765 708	1 059 004	1 059 004	1 059 004	1 059 004	1 153 282	1 173 529	1 180 855
GRAP adjustments											
Restated balance		920 243	805 938	765 708	1 059 004	1 059 004	1 059 004	1 059 004	1 153 282	1 173 529	1 180 855
Surplus/(Deficit)		(57 190)	(51 085)	(38 409)	40 972	34 963	34 963	34 963	20 247	7 326	8 422
Other adjustments			68 133	8 362	64 084	59 315	59 315	59 315			
Accumulated Surplus/(Deficit)	1	**863 053**	**822 986**	**735 660**	**1 164 060**	**1 153 282**	**1 153 282**	**1 153 282**	**1 173 529**	**1 180 855**	**1 189 277**
Reserves											
Total Reserves	2	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUIT	2	**863 053**	**822 986**	**735 660**	**1 164 060**	**1 153 282**	**1 153 282**	**1 153 282**	**1 173 529**	**1 180 855**	**1 189 277**

Table 53 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

NC073 Emthanjeni - Supporting Table SA9 Social, economic and demographic statistics and assumptions												
Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2014/15 Outcome	2015/16 Outcome	2016/17 Outcome	Current Year 2017/18 Original Budget	2018/19 Medium Term Revenue & Expenditure Framework Outcome	Outcome	Outcome
Demographics												
Population		Census count/estimate	36	36	42	44	44	44	44	44	44	44
Females aged 5 - 14		Census count/estimate	6	6	7	7	7	7	7	7	7	7
Males aged 5 - 14		Census count/estimate	6	6	7	7	7	7	7	7	7	7
Females aged 15 - 34		Census count/estimate	8	8	8	8	8	8	8	8	8	8
Males aged 15 - 34		Census count/estimate	7	7	8	9	9	9	9	9	9	9
Unemployment		Census count/estimate	14	14	14	14	14	14	14	14	14	14
Monthly household income (no. of households)	1, 12											
No income		Census count/estimate				924	924	924	905	900	900	900
R1 - R1 600		Census count/estimate				2 728	2 728	2 728	2 755	2 760	2 760	2 760
R1 601 - R3 200		Census count/estimate				2 350	2 350	2 350	2 374	2 380	2 380	2 380
R3 201 - R6 400		Census count/estimate				1 760	1 760	1 760	1 778	1 789	1 789	1 789
R6 401 - R12 800		Census count/estimate				1 264	1 264	1 264	1 277	1 290	1 290	1 290
R12 801 - R25 600		Census count/estimate				939	939	939	949	987	987	987
R25 601 - R51 200		Census count/estimate				368	368	368	371	380	380	380
R52 201 - R102 400		Census count/estimate				68	68	68	68	70	70	70
R102 401 - R204 800		Census count/estimate				32	32	32	32	34	34	34
R204 801 - R409 600		Census count/estimate				24	24	24	24	27	27	27
R409 601 - R819 200		Census count/estimate										
> R819 200		Census count/estimate										
Poverty profiles (no. of households)												
< R2 060 per household per month	13											
Insert description	2											
Household/demographics (000)												
Number of people in municipal area		Census count/estimate	38 382	38 382	42 000	42	42	42	43	43	43	43
Number of poor people in municipal area		Census count/estimate	2 726	2 726	3 200	3	3	3	4	4	4	4
Number of households in municipal area		Census count/estimate	12 615	12 615	12 700	13	13	13	13	13	13	13
Number of poor households in municipal area		Census count/estimate	2 000	2 000	2 600	3	3	3	3	3	3	3
Definition of poor household (R per month)		Census count/estimate	-	-	2 800	2 800	2 800	2 800	3 000	3 100	3 100	3 100
Housing statistics	3											
Formal												
Informal												
Total number of households			-	-	-	-	-	-	-	-	-	-
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-
Economic	6											
Inflation/inflation outlook (CPIX)						6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Interest rate - borrowing						11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%
Interest rate - investment						7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Remuneration increases						8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%
Consumption growth (electricity)						0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Consumption growth (water)						-40.0%	-40.0%	-40.0%	-40.0%	-40.0%	-40.0%	-40.0%
Collection rates	7											
Property tax/service charges						90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Rental of facilities & equipment						90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Interest - external investments						90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Interest - debtors						90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Revenue from agency services						90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%

Detail on the provision of municipal services for A10

Total municipal services	Ref.		2014/15 Outcome	2015/16 Outcome	2016/17 Outcome	Current Year 2017/18 Original Budget	Current Year 2017/18 Adjusted Budget	Current Year 2017/18 Full Year Forecast	2018/19 Medium Term Revenue & Expenditure Framework Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
		Household service targets (000)									
		Water:									
		Piped water inside dwelling	9 175	9 175	11 114	11 480	11 480	11 480	11 594	11 640	11 640
		Piped water inside yard (but not in dwelling)	473	473	695	736	736	736	743	763	763
	8	Using public tap (at least min.service level)	495	495	465	452	452	452	444	430	430
	10	Other water supply (at least min.service level)	473	473	341	333	333	333	320	310	310
		Minimum Service Level and Above sub-total	10 614	10 614	12 615	13 001	13 001	13 001	13 101	13 143	13 143
	9	Using public tap (< min.service level)	–	–	–	–	–	–	–	–	–
	10	Other water supply (< min.service level)	–	–	–	–	–	–	–	–	–
		No water supply	–	–	–	–	–	–	–	–	–
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	**10 614**	**10 614**	**12 615**	**13 001**	**13 001**	**13 001**	**13 101**	**13 143**	**13 143**
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)	7 288	7 652	8 847	9 377	9 377	9 377	9 507	9 590	9 590
		Flush toilet (with septic tank)	1 627	1 709	2 252	2 365	2 365	2 365	2 425	2 480	2 480
		Chemical toilet	693	727	705	663	663	663	636	625	625
		Pit toilet (ventilated)	450	473	458	431	431	431	406	402	406
		Other toilet provisions (> min.service level)	–	–	–	–	–	–	–	–	–
		Minimum Service Level and Above sub-total	10 058	10 561	12 262	12 836	12 836	12 836	12 974	13 097	13 097
		Bucket toilet	513	539	353	–	–	–	–	–	–
		Other toilet provisions (< min.service level)	450	9 175	–	–	–	–	–	–	–
		No toilet provisions	–	9 175	–	–	–	–	–	–	–
		Below Minimum Service Level sub-total	963	18 888	353	–	–	–	–	–	–
		Total number of households	**11 021**	**29 449**	**12 615**	**12 836**	**12 836**	**12 836**	**12 974**	**13 097**	**13 097**
		Energy:									
		Electricity (at least min.service level)	3 768	3 957	3 838	3 990	3 990	3 990	4 005	4 290	4 290
		Electricity - prepaid (min.service level)	5 443	5 715	8 115	8 206	8 206	8 206	8 290	8 350	8 350
		Minimum Service Level and Above sub-total	9 211	9 671	11 953	12 196	12 196	12 196	12 295	12 640	12 640
		Electricity (< min.service level)	461	484	469	435	435	435	419	400	400
		Electricity - prepaid (< min. service level)	450	473	193	189	189	189	175	162	162
		Other energy sources	–	–	–	–	–	–	–	–	–
		Below Minimum Service Level sub-total	911	956	662	624	624	624	594	562	562
		Total number of households	**10 121**	**10 627**	**12 615**	**12 820**	**12 820**	**12 820**	**12 889**	**13 202**	**13 202**
		Refuse:									
		Removed at least once a week	10 121	10 627	12 615	13 624	13 624	13 624	13 909	14 210	14 210
		Minimum Service Level and Above sub-total	10 121	10 627	12 615	13 624	13 624	13 624	13 909	14 210	14 210
		Removed less frequently than once a week	–	–	–	–	–	–	–	–	–
		Using communal refuse dump	–	–	–	–	–	–	–	–	–
		Using own refuse dump	–	–	–	–	–	–	–	–	–
		Other rubbish disposal	–	–	–	–	–	–	–	–	–
		No rubbish disposal	–	–	–	–	–	–	–	–	–
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	**10 121**	**10 627**	**12 615**	**13 624**	**13 624**	**13 624**	**13 909**	**14 210**	**14 210**

Municipal in-house services	Ref.		2014/15 Outcome	2015/16 Outcome	2016/17 Outcome	Current Year 2017/18 Original Budget	Current Year 2017/18 Adjusted Budget	Current Year 2017/18 Full Year Forecast	2018/19 Medium Term Revenue & Expenditure Framework Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
		Household service targets (000)									
		Water:									
		Piped water inside dwelling	9 175	9 175	11 114	11 480	11 480	11 480	11 594	11 640	11 640
		Piped water inside yard (but not in dwelling)	473	473	695	736	736	736	743	763	763
	8	Using public tap (at least min.service level)	495	495	465	452	452	452	444	430	430
	10	Other water supply (at least min.service level)	473	473	341	333	333	333	320	310	310
		Minimum Service Level and Above sub-total	10 614	10 614	12 615	13 001	13 001	13 001	13 101	13 143	13 143
	9	Using public tap (< min.service level)	–	–	–	–	–	–	–	–	–
	10	Other water supply (< min.service level)	–	–	–	–	–	–	–	–	–
		No water supply	–	–	–	–	–	–	–	–	–
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	**10 614**	**10 614**	**12 615**	**13 001**	**13 001**	**13 001**	**13 101**	**13 143**	**13 143**
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)	7 288	7 652	8 847	9 377	9 377	9 377	9 507	9 590	9 590
		Flush toilet (with septic tank)	1 627	1 709	2 252	2 365	2 365	2 365	2 425	2 480	2 480
		Chemical toilet	693	727	705	663	663	663	636	625	625
		Pit toilet (ventilated)	450	473	458	431	431	431	406	402	406
		Other toilet provisions (> min.service level)	–	–	–	–	–	–	–	–	–
		Minimum Service Level and Above sub-total	10 058	10 561	12 262	12 836	12 836	12 836	12 974	13 097	13 097
		Bucket toilet	513	539	353	–	–	–	–	–	–
		Other toilet provisions (< min.service level)	450	9 175	–	–	–	–	–	–	–
		No toilet provisions	–	9 175	–	–	–	–	–	–	–
		Below Minimum Service Level sub-total	963	18 888	353	–	–	–	–	–	–
		Total number of households	**11 021**	**29 449**	**12 615**	**12 836**	**12 836**	**12 836**	**12 974**	**13 097**	**13 097**
		Energy:									
		Electricity (at least min.service level)	3 768	3 957	3 838	3 990	3 990	3 990	4 005	4 290	4 290
		Electricity - prepaid (min.service level)	5 443	5 715	8 115	8 206	8 206	8 206	8 290	8 350	8 350
		Minimum Service Level and Above sub-total	9 211	9 671	11 953	12 196	12 196	12 196	12 295	12 640	12 640
		Electricity (< min.service level)	461	484	469	435	435	435	419	400	400
		Electricity - prepaid (< min. service level)	450	473	193	189	189	189	175	162	162
		Other energy sources	–	–	–	–	–	–	–	–	–
		Below Minimum Service Level sub-total	911	956	662	624	624	624	594	562	562
		Total number of households	**10 121**	**10 627**	**12 615**	**12 820**	**12 820**	**12 820**	**12 889**	**13 202**	**13 202**
		Refuse:									
		Removed at least once a week	10 121	10 627	12 615	13 624	13 624	13 624	13 909	14 210	14 210
		Minimum Service Level and Above sub-total	10 121	10 627	12 615	13 624	13 624	13 624	13 909	14 210	14 210
		Removed less frequently than once a week	–	–	–	–	–	–	–	–	–
		Using communal refuse dump	–	–	–	–	–	–	–	–	–
		Using own refuse dump	–	–	–	–	–	–	–	–	–
		Other rubbish disposal	–	–	–	–	–	–	–	–	–
		No rubbish disposal	–	–	–	–	–	–	–	–	–
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	**10 121**	**10 627**	**12 615**	**13 624**	**13 624**	**13 624**	**13 909**	**14 210**	**14 210**

2.1.4 Manager Quality Certificate

Municipal manager's quality certificate

I MARCEL LUDWICK, municipal manager of Emthanjeni Municipality, hereby certify that the Budget and Supporting Documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name MARCEL LUDWICK

Municipal manager of Emthanjeni Municipality

Signature pp

Date 30/06/2019

ANNEXURE 1: POLICIES

EMTHANJENI MUNICIPALITY

FINAL ASSET MANAGEMENT POLICY

BUDGET 2019/2020 MTERF

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ABBREVIATIONS

NC073	***Emthanjeni Municipality***
AMP	Asset Management Plan
AO	Accounting Officer
ASB	Accounting Standards Board
CFO	Chief Financial Officer
CMIP	Comprehensive Municipal Infrastructure Plan
CoGTA	Department of Co-operative Governance and Traditional Affairs
CRC	Current Replacement Cost
DRC	Depreciated Replacement Cost
EPWP	Expanded Public Work Program
EUL	Estimated Useful Life
GIAMA	Government-wide Immoveable Asset Management Act
GRAP	Generally Recognised Accounting Practise
HOD(SO)	Head of Department (Senior Official)/Directors of Directorates
IAMP	Infrastructure Asset Management Plan
IDP	Integrated Development Plan
IIMM	International Infrastructure Management Manual
ISO	International Standards Organisation
MFMA	Municipal Finance Management Act
MSA	Municipal Systems Act
ODRC	Optimised Depreciated Replacement Cost
OHSA	Occupational Health and Safety Act
PPE	Property, Plant and Equipment
RUL	Remaining Useful Life
RV %	RV % Residual Value Percentage
SDBIP	Service Delivery and Budget Implementation Plan
VAT	Value Added Tax

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1 PURPOSE OF THIS DOCUMENT

This document indicates the policy framework for the management of Municipal movable and immovable Property Plant and Equipment (PPE), investment property, intangible, biological assets and heritage assets.

2 BACKGROUND

2.1 CONSTITUTIONAL AND LEGAL FRAMEWORK

The South African Constitution requires municipalities to strive, within their financial and administrative capacity, to achieve the following objects:

- providing democratic and accountable government for local communities;
- ensuring the provision of services to communities in a sustainable manner;
- promoting social and economic development;
- promoting a safe and healthy environment; and
- encouraging the involvement of communities and community organisations in matters of local government.

The manner in which a municipality manages its Property, Plant and Equipment (PPE), investment property, intangible assets and heritage assets are central to meeting the above challenges. Accordingly, the Municipal Systems Act, 2000 (MSA) section 2(d) specifically highlights the duty of municipalities to provide services in a manner that is sustainable, and the Municipal Finance Management Act (MFMA) requires municipalities to utilise and maintain their assets in an effective, efficient, economical and transparent manner. The MFMA specifically places responsibility for the management of municipal assets with the Accounting Officer (AO).

The Occupational Health and Safety Act (OHSA) requires municipalities to provide and maintain a safe and healthy working environment, and in particular, to keep its PPE safe.

2.2 ACCOUNTING STANDARDS

The MFMA requires municipalities to comply with the Standards of Generally Recognised Accounting Practice (GRAP), in line with international practice.

The Accounting Standards Board (ASB) has approved a number of Standards of GRAP. When compiling the asset register in accordance with the accounting standards, the requirements of GRAP 17 cannot be seen in isolation. Various other accounting standards impact on the recognition and measurement of assets within the municipal environment and should be taken into account during the compilation of a GRAP compliant asset register. The applicable standards of GRAP are noted in section 8.

2.3 MANAGEMENT OF INFRASTRUCTURE AND COMMUNITY ASSETS

Effective management of infrastructure and community facilities is central to the municipality providing an acceptable standard of services to the community. Infrastructure impacts on the quality of the living environment and opportunities to prosper. Not only is there a requirement to be effective, but the manner in which the municipality discharges its responsibilities as a public entity is also important. The municipality must demonstrate good governance and customer care, and the processes adopted must be efficient and sustainable. Councillors and officials are custodians on behalf of the public of infrastructure assets, the replacement value of which amounts to several hundred million Rand.

Key themes of the latest generation of national legislation introduced relating to municipal infrastructure management include:

- long-term sustainability and risk management;
- service delivery efficiency and improvement;
- performance monitoring and accountability;
- community interaction, transparent processes and reporting;
- priority development of minimum basic services for all; and
- the provision of financial support from central government in addressing the needs of the poor.

Legislation has also entrenched the Integrated Development Plan (IDP) as the principal strategic planning mechanism for municipalities. However, the IDP cannot be compiled in isolation – for the above objectives to be achieved, the IDP needs to be informed by robust, relevant and holistic information relating to the management of the municipality's infrastructure.

There is a need to direct limited resources to address the most critical needs, to achieve a balance between maintaining and renewing existing infrastructure whilst also addressing backlogs in basic services and facing on-going changes in demand. Making effective decisions on service delivery priorities requires a team effort, with inputs provided by officials from a number of departments of the municipality.

CoGTA has prepared guidelines in line with international practice, that propose that an Infrastructure Asset Management Plan (IAMP) is prepared for each sector (such as potable water, roads etc.). These plans are used as inputs into a Comprehensive Municipal Infrastructure Plan (CMIP) that presents an integrated plan for the municipality covering all infrastructure. The arrangements outlined in the CoGTA guidelines are further strengthened by the provision of National Treasury's Local Government Capital Asset Management Guidelines. This is in line with the practice adopted in national and provincial spheres of government in terms of the Government-wide Immoveable Asset Management Act (GIAMA).

Accordingly, the asset register adopted by a municipality must meet not only financial compliance requirements, but also set a foundation for improved infrastructure asset management practice.

Recognised good practice in the management of infrastructure assets from across the globe has been increasingly documented over the past 10 to 15 years. In 2000, the World Bank cited practice in Australasia as representative of best practice and this has been captured in the International Infrastructure Management Manual (IIMM), and regularly updated with case studies from across the globe, including South Africa. In 2008 the British Standards Institute issued PAS 55 (a publicly available specification on asset management). There is now an initiative by the International Standards Organisation (ISO) to draw on these documents to establish an international standard for infrastructure asset management (ISO 55000 series) that is expected to be issued in 2014. Progressive entities are expected to set compliance with the proposed ISO as a benchmark for practice.

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3 OBJECTIVES

The objective of this policy is for the municipality to:

- implement prevailing accounting standards; and
- apply asset management practice in a consistent manner and in accordance with legal requirements and recognised good practice.

4 APPROVAL AND EFFECTIVE DATE

The CFO is responsible for the submission of the Policy to Council to consider its adoption after consultation with the AO. Council shall indicate the effective date for implementation of the policy.

5 DELEGATIONS AND KEY RESPONSIBILITIES

Accounting Officer

The Accounting Officer (AO) is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets.

The AO shall ensure that:

- The municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;
- The municipality's assets are valued in accordance with the standard of generally recognised accounting practice;
- That the municipality has and maintains a system of internal control for assets, including an asset register; and
- The HOD(SO)s and their teams comply with this policy.

The Accounting Officer of the municipality shall be the principal custodian of the entire municipality's assets, and shall be responsible for ensuring that this policy is effectively applied on adoption by Council. To this end, the AO shall be responsible for the preparation, in consultation with the Chief Financial Officer (CFO) and Heads of Department (Senior Official) (HOD(SO)), of procedures to effectively and efficiently apply this policy.

This policy should be applied with due observance of the municipality's policy with regard to delegated powers. Such delegations refer to delegations between the AO and other responsible officials as well as between Council and the Executive Mayor and the Council and the AO. All delegations in terms of this policy must be recorded in writing.

In accordance with the MFMA, the AO of the municipality and all designated officials are accountable to him / her. The AO is therefore accountable for all transactions entered into by his / her delegates. The overall responsibility of asset management lies with the AO. However, the day to day handling of assets should be the responsibility of all officials in terms of delegated authority reduced in writing. The AO may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring these activities are performed.

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Chief Financial Officer

The Chief Financial Officer (CFO) is responsible to the AO to ensure that the financial investment in the municipality's assets are safeguarded and maintained.

The CFO, as one of the Director's of the municipality, shall also ensure, in exercising his financial responsibilities, that:

- Appropriate systems of financial management and internal control are established and carried out diligently;
- The financial and other resources of the municipality are utilised effectively, efficiently, economical and transparently;
- Any unauthorised, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
- All revenue due to the municipality is collected, for example rental income relating to immovable assets;
- The systems, procedures and registers required to substantiate the financial values of the municipality's assets are maintained to standards sufficient to satisfy the requirements of the Accounting Standards;
- Financial processes are established and maintained to ensure the municipality's financial resources are optimally utilised through appropriate asset plans, budgeting, purchasing, maintenance and disposal decisions;
- The AO is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets;
- The Senior management team are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets; and
- This policy and support procedures are established, maintained and effectively communicated.

In terms of section 82 read with section 81(1)(e) of the MFMA the CFO may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring these activities are performed. The CFO shall be the fixed asset registrar of the municipality, and shall ensure that a complete, accurate and up-to-date computerised fixed asset register is maintained. No amendments, deletions or additions to the fixed asset register shall be made other than by the CFO or by an official acting under the written instruction of the CFO.

Directors

Directors report directly to the AO shall ensure that:

- The municipal resources assigned to them are utilised effectively, efficiently, economically and transparently;
- Procedures are adopted and implemented in conformity with this policy to produce reliable data to be input to the municipal fixed asset register;
- Any unauthorised, irregular or fruitless or wasteful utilisation, and losses resulting from criminal or negligent conduct, are prevented;
- The asset management, processes and controls can provide an accurate, reliable and up to date account of assets under their control;
- They are able to manage and justify that the asset plans, budgets, purchasing, maintenance and disposal decisions optimally achieve the municipality's strategic objectives; and
- Manage asset life-cycle transactions to ensure that they comply with the plans, legislative and municipal requirements.

Directors may delegate or otherwise assign responsibility for performing these functions but they shall remain accountable for ensuring these activities are performed.

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6 POLICY AMENDMENT

This policy should be reviewed annually to ensure continued compliance with the relevant legislation and accounting standards. Changes to this document shall only be applicable if approved by Council. Any proposals in this regard shall be motivated by the CFO in consultation with the AO and respective Directors. The recommendations of the CFO shall be considered for adoption by Council.

7 RELATIONSHIP WITH OTHER POLICIES

This policy, once effective, will replace the pre-existing Asset Management with respect to the scope of assets covered by this policy.

This policy needs to be read in conjunction with other relevant adopted policies of the municipality, including the following:

- Delegation of Powers;
- Accounting Policy;
- Insurance Policy;
- Enterprise Risk Management Policy;
- Disaster Management Policy;
- Supply Chain Management Policy;
- Credit Control and Debt Collection Policy;
- Tariff Policy;
- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Cash Management and Investment Policy
- Long Term Financial Plan Policy;
- Infrastructure Investment And Capital Projects Policy;
- Indigents Policy;
- Provision of Free Basic Services Policy;
- Budget Implementation and Monitoring Policy;
- Managing Electricity and Water Distribution Losses; and
- Asset Disposal Policy.

8 REFERENCES

The following references were observed in compiling this document:

- Asset Management Framework, National Treasury, 2004
- Guidelines for Infrastructure Asset Management in Local Government, Department of Provincial and Local Government, 2006
- Municipal Finance Management Act, 2003
- Disaster Management Act, 2002
- Municipal Systems Act, 2000
- Municipal Structures Act, 1998
- Accounting Standards Board
- MFMA Circular 18 & 44
- Local Government Capital Asset Management Guidelines, National Treasury, 2008
- Government Gazettes (30013 & 31021)
- Generally Recognised Accounting Practice (1-14, 16, 17, 19, 21, 23-27, 31 and 100-104)

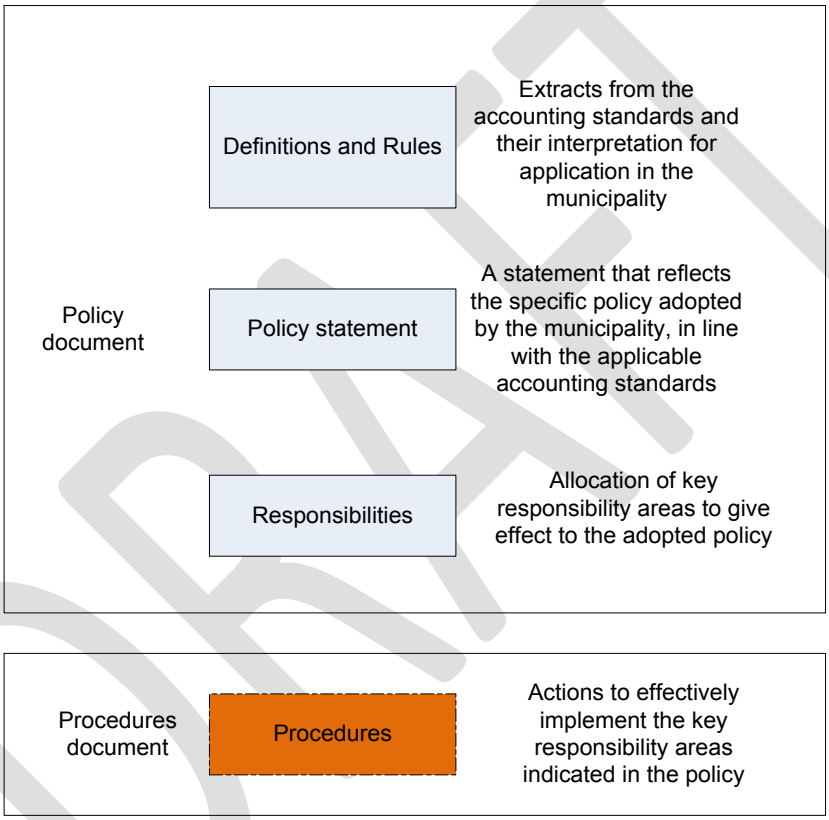
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- Interpretations of the standards of GRAP issued by the Accounting Standards Board (ASB) (IGRAP 1- 17)
- Directives issued by the ASB
- Municipal transfer and disposal regulations, Government Gazette no.31346
- Accounting guideline issued by National Treasury relating to intangible assets
- Government Gazette, 30 May 2005, No. 27636 on disposal

9 POLICY FORMAT

Figure 1 gives an overview to the format of presentation of this policy document, and how it links to a separate document that provides the procedures. Procedures should be prepared and adopted to give effect to this policy.

Figure 1 - Interaction between the policy and the procedures


Definitions and Rules
Extracts from the accounting standards and their interpretation for application in the municipality
Policy document
Policy statement
A statement that reflects the specific policy adopted by the municipality, in line with the applicable accounting standards
Responsibilities
Allocation of key responsibility areas to give effect to the adopted policy
Procedures document
Procedures
Actions to effectively implement the key responsibility areas indicated in the policy

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10 POLICY FOR FIXED ASSET ACCOUNTING

10.1 RECOGNITION OF IMMOVABLE AND MOVABLE ASSETS

(a) Definitions and rules

Asset

An asset is defined as a resource controlled by an entity, as a result of past events; future economic benefits or service potential associated with the item will flow to the entity.

Fixed Asset

A fixed asset (also referred to as a "non-current asset") is an asset with an expected useful life greater than 12 months.

PPE

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, for rentals to others, or for administrative purposes; and are expected to be used during more than one reporting period. This includes items necessary for environmental or safety reasons to leverage the economic benefits or service potential from other assets. Insignificant items may be aggregated. Property, plant and equipment are broken down into groups of assets of a similar nature or function in the municipality's operations for the purposes of disclosure in the financial statements.

Immovable PPE

Immoveable PPE are fixed structures such as buildings and roads. A plant that is built-in to the fixed structures and is an essential part of the functional performance of the primary asset is considered an immovable asset (though it may be temporarily removed for repair).

Movable PPE

Movable assets are the stock of equipment owned or leased by the municipality such as office equipment and furniture, motor vehicles and mobile plant.

Investment property

Investment property is defined as property (land and/or a building, or part thereof) held (by the owner or the lessee under a finance lease) to earn rentals or capital appreciation, or both (rather than for use in the production or supply of goods or services or for administration purposes or sale in the ordinary course of operations). Examples of investment property are office parks that are rented out. There is no asset hierarchy for investment property; each functional item will be individually recorded. Land held for a currently undetermined use is recognised as investment property until such time as the use of the land has been determined.

Intangible assets

Identifiable non-monetary assets, without physical substance are intangible assets, for examples licenses or rights (such as water licenses), servitudes and software.

An asset meets the criterion of being identifiable in the definition of an intangible asset when it:

(a) is separable, i.e. is capable of being separated or divided from the municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability, or

(b) arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable and separable from the municipality or from other rights and obligations.

Biological Assets

Biological assets are living animals or plants as per the definition in the GRAP on Agriculture.

Capital Spares (Major Spare Parts)

Spares and materials used on a regular basis in the ordinary course of operations are usually carried as inventory (i.e. they are not usually considered fixed assets) and are expensed when consumed. Major spares that constitute an entire or significant portion of a component type, or a specific component, defined in the immovable PPE asset hierarchy are considered capital spare parts and are recognised as an item of PPE as they are expected to be used for more than one period or they can only be used in connection with an item of PPE.

Useful Life

The period over which an asset is expected to be available for use by an entity, or the number of production units expected to be obtained from the asset by an entity.

Major inspections

A condition of continuing to operate an item of PPE may be to perform regular major inspections for faults regardless of whether parts of the item are replaced (for example, Occupational Health and Safety Act no. 85 of 1993 requires lifting equipment to be inspected once a year). When each major inspection is performed, its cost is recognised in the carrying amount of the item of PPE as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of the previous inspection (as distinct from physical parts) is de-recognised. This occurs regardless of whether the cost of the previous inspection was identified in the transaction in which the item was acquired or constructed. If necessary, the estimated cost of a future similar inspection may be used as an indication of what the cost of the existing inspection component was when the item was acquired or constructed.

Items used irregularly

Tangible items that are used in the production or supply of goods or services on an irregular basis (such as standby equipment) are recognised as items of PPE.

Control

An item is not recognised as an asset unless the entity has the capacity to control the service potential or future economic benefit of the asset, is able to deny or regulate access of others to that benefit, and has the ability to secure the future economic benefit of that asset. Legal title and physical possession are good indicators of control but are not infallible.

Past transactions or events

Assets are only recognised from the point when some event or transaction transferred control to an entity.

Probability of the flow of benefits or service potential

The degree of certainty that any economic benefits or service potential associated with an item will flow to the municipality is based on the judgement. The CFO shall exercise such judgement on behalf of the municipality, in consultation with the respective HOD(SO).

Economic benefits

Economic benefits are derived from assets that generate net cash inflows.

Service Potential

An asset has service potential if it has the capacity, singularly or in combination with other assets, to contribute directly or indirectly to the achievement of an objective of the municipality, such as the provision of services.

Leased assets

A lease is an agreement whereby the lessor conveys to the lessee (in this case, the municipality) the right to use an asset for an agreed period of time in return for a payment or series of payments. Leases are categorised into finance and operating leases. A finance lease is a lease that transfers substantially all the risks and rewards incident to ownership of an asset, even though the title may not eventually be transferred (substance over form). Where the risks and rewards of ownership of the asset are substantially transferred to the municipality, the lease is regarded as a finance lease and the asset recognised by the municipality. Where there is no substantial transfer of risks and rewards of ownership to the municipality, the lease is considered an operating lease and payments are expensed in the income statement on a systematic basis (straight line basis over the lease term).

Asset custodian

The department that controls an asset, as well as the individual (asset custodian) or post that is responsible for the operations associated with such asset in the department, is identified by the respective HOD(SO), recorded, and communicated on recognition of the asset.

Reliable measurement

Items are recognised that possess a cost or fair value that can be reliably measured in terms of this policy.

(b) Policy statement

The municipality shall recognise all movable and immovable assets existing at the time of adoption of this policy and the development of new, upgraded and renewed assets on an on-going basis. Such assets shall be capitalised in compliance with prevailing accounting standards.

(c) Responsibilities

- The CFO, in consultation with the AO and Directors, shall determine effective procedures for the recognition of existing and new assets.
- Every Director shall ensure that all assets under their control are correctly recognised as assets.
- The CFO shall keep a lease register with the following minimum information: name of the lessor, description of the asset, fair value of the asset at inception of the lease, lease commencement date, lease termination date, economic useful life of the asset, lease payments, and any restrictions in the lease agreement.

10.2 CLASSIFICATION OF ASSETS

(a) Definitions and rules

Fixed asset categories

- Property, plant and equipment (which is broken down into groups of assets of a similar nature or function in the municipality's operations) (GRAP 17);
- Intangible assets (GRAP 31);
- Heritage assets (GRAP 103);
- Biological assets (GRAP 101/27);
- Capital Finance Lease assets (GRAP 13); and
- Investment property (GRAP 16).

Class of PPE

A class of PPE is defined as a group of assets of a similar nature or function. The total balance of each class of assets is disclosed in the notes to the financial statements.

PPE Asset hierarchy

An asset hierarchy is adopted for PPE which enables separate accounting of parts (components) of the asset that are considered significant to the municipality from a financial point of view, and for other reasons determined by the municipality,

including risk management (in other words, taking into account the criticality of components) and alignment with the strategy adopted by the municipality in asset renewal (for example the extent of replacement or rehabilitation at the end of life). In addition, the municipality may aggregate relatively insignificant items to be considered as one asset. The structure of the hierarchy recognises the functional relationship of assets and components.

PPE: Infrastructure

Infrastructure assets are immoveable assets which are part of a network of similar assets that jointly provide service potential.

PPE: Community Property

Community property is immoveable assets contributing to the general well-being of the community, such as community halls and recreation facilities.

PPE: Other property

Buildings that are used for municipal operations such as administration buildings and rental stock or housing not held for capital gain.

PPE: Other Assets

Movable assets are by nature stand-alone assets which are not directly attached or associated with an item of immovable assets and are utilised in an enabling or assisting role on a day-to-day basis.

Heritage assets

Heritage assets are assets of cultural, environmental, historical, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations, such as monuments, nature reserves, and works of art. Some heritage assets have more than one purpose, e.g. an historical building which, in addition to meeting the definition of a heritage asset, is also used as office accommodation. The CFO, on behalf of the municipality, must use his / her judgement to make such an assessment. The asset should be accounted for as a heritage asset if, and only if, the definition of a heritage asset is met, and only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. If a significant portion is used for production, administrative purposes or supply of services or goods, the asset shall be accounted for in accordance with the Standard of GRAP on PPE.

Investment property

Investment property is defined as property (land and/or a building, or part thereof) held (by the owner or the lessee under a finance lease) to earn rentals or capital appreciation, or both (rather than for use in the production or supply of goods or services or for administration purposes or sale in the ordinary course of operations). Examples of investment property are office parks that are rented out. There is no asset hierarchy for investment property; each functional item will be individually recorded. Land held for a currently undetermined use is recognised as investment property until such time as the use of the land has been determined.

Intangible assets

Identifiable non-monetary assets, without physical substance are intangible assets, for examples licenses or rights (such as water licenses), servitudes and software.

An asset meets the criterion of being identifiable in the definition of an intangible asset when it:

(c) is separable, i.e. is capable of being separated or divided from the municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability, or

(d) arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable and separable from the municipality or from other rights and obligations.

However, if the municipality is of the opinion that even though a servitude may meet the definition of an intangible asset, it is essential to the operation of a tangible asset. For example, where the municipality would not be able to construct or operate infrastructure on land that it does not own without acquiring certain rights from the landowner. Therefore the municipality may be of the opinion that it would be more appropriate to include the cost of the servitude in the cost of the tangible asset rather than recognising a separate intangible asset. In such cases servitudes will be accounted for as PPE by applying GRAP 17, and componentisation may be required as the values, nature and the useful life of the servitude and the tangible asset are different.

Servitudes

Where municipalities establish servitudes as part of the registration of a township, the associated rights are granted in statute and are specifically excluded from the standard on intangible assets. Such servitudes cannot be sold, transferred, rented or exchanged freely and are not separable from the municipality. Consequently such servitudes are not recognised in the asset register.

Servitudes that are created through acquisition (including by way of expropriation or agreement) can be recognised as *either intangible assets or PPE* at cost. The municipality *may* include the cost of the servitude in the cost of the PPE if it is essential to the construction or operation of the asset (such as in the case of pipes).

Biological Assets

Biological assets are living animals or plants as per the definition in the GRAP on Agriculture.

Non-current assets held for sale

A non-current asset (or disposal group) is considered to be "held for sale" if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. An immovable asset classified as a "non-current asset held for sale" shall be reclassified as a current asset, and will therefore be taken off the Asset Register. This provision does not apply to immovable assets that are abandoned.

To be classified as "held for sale", the asset must be available for immediate sale (i.e. to be completed within a year) in its present condition, and it must be highly probable that the sale will take place (management must be committed to a plan to sell the asset and an active programme to locate a buyer must have been initiated). If the municipality acquires an immovable asset exclusively for the purpose of selling it, it shall be classified as a "non-current asset held for sale" at its acquisition date only if all the above requirements are met.

An extension of the period required to complete the sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the municipality's control and there is sufficient evidence that the municipality remains committed to its plan to sell the asset. However, if the municipality has classified an asset as held for sale, but the criteria are no longer met, the municipality shall cease to classify the asset as held for sale.

If the criteria are only met after the reporting date, the municipality shall not classify the immovable asset as held for sale in those financial statements when issued. However, when those criteria are met after the reporting date but before the authorisation date for the financial statements to be issued, the municipality shall disclose a description of the immovable asset; a description of the facts and circumstances of the sale, or leading to the expected disposal, and the expected manner and timing of disposal; and if applicable, the segment in which the asset (or disposal group) is presented. Non-current assets held for sale are not similar to inventory. Inventory refers to assets held for trading purposes, assets manufactured or purchased to be sold for a profit. If a management decision has been made to sell a non-current asset, that asset will be classified as a non-current asset held for sale.

(b) Policy statement

Asset hierarchies shall be adopted for each of the asset groups, separately identifying items of PPE at component level that are significant from a financial or risk perspective, and, where applicable, grouping items that are relatively insignificant. Investment Property and Intangible assets are not required to be componentised.

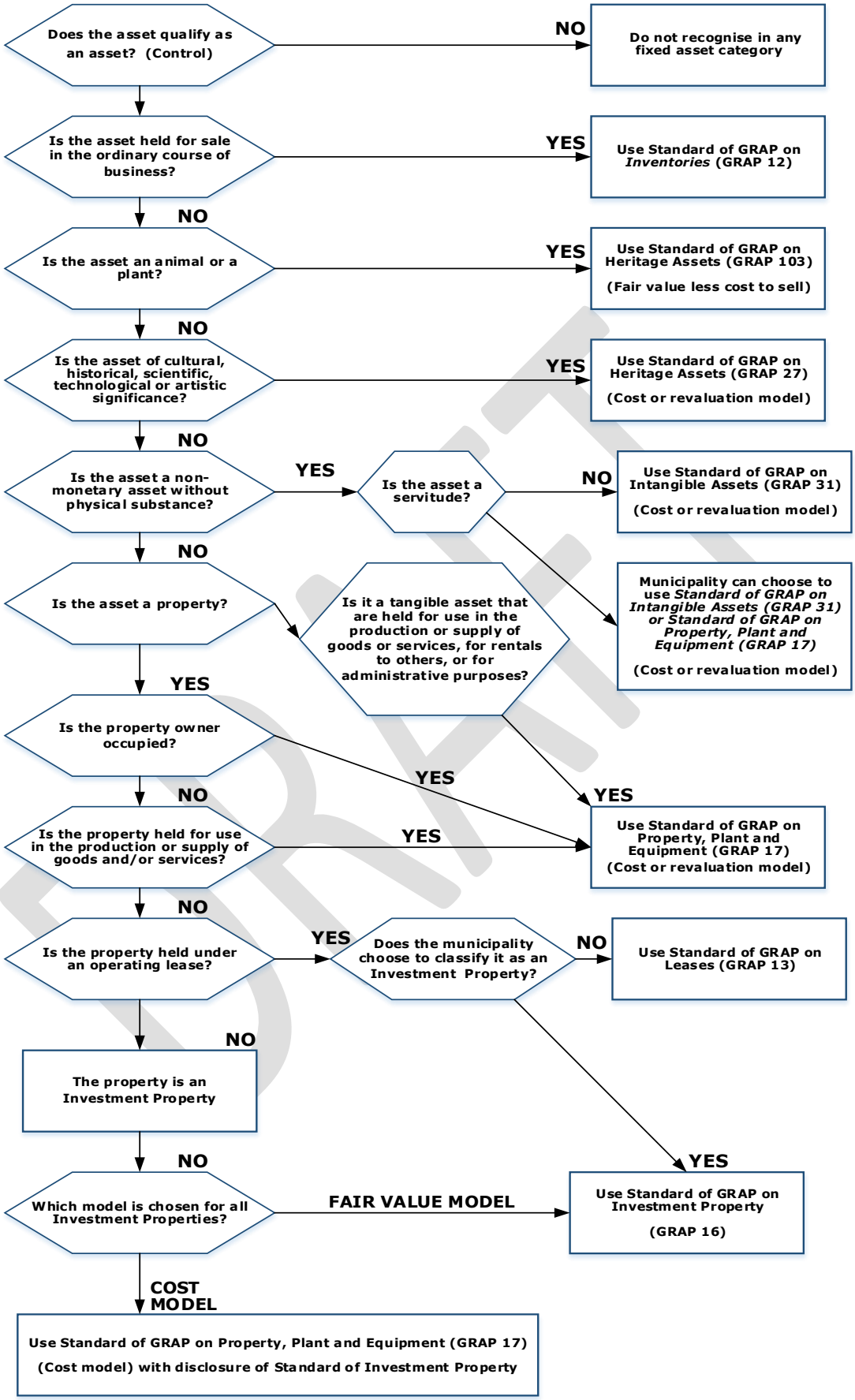
PPE shall be disclosed in the financial statements at the sub-category level.

A committee to be nominated by Council will consider the recognition of assets as heritage assets and motivate their recommendation for adoption by Council.

Annexure A indicates the hierarchy structure for immovable assets while **Annexure B** indicates the hierarchy structure for movable assets.

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Figure 2 – Decision tree – Classification of assets


Does the asset qualify as an asset? (Control)
NO
Do not recognise in any fixed asset category
Is the asset held for sale in the ordinary course of business?
YES
Use Standard of GRAP on *Inventories* (GRAP 12)
NO
Is the asset an animal or a plant?
YES
Use Standard of GRAP on Heritage Assets (GRAP 103)
(Fair value less cost to sell)
NO
Is the asset of cultural, historical, scientific, technological or artistic significance?
YES
Use Standard of GRAP on Heritage Assets (GRAP 27)
(Cost or revaluation model)
NO
Is the asset a non-monetary asset without physical substance?
YES
Is the asset a servitude?
NO
Use Standard of GRAP on Intangible Assets (GRAP 31)
(Cost or revaluation model)
NO
Is the asset a property?
Is it a tangible asset that are held for use in the production or supply of goods or services, for rentals to others, or for administrative purposes?
Municipality can choose to use *Standard of GRAP on Intangible Assets (GRAP 31) or Standard of GRAP on Property, Plant and Equipment (GRAP 17)*
(Cost or revaluation model)
YES
Is the property owner occupied?
YES
YES
NO
Is the property held for use in the production or supply of goods and/or services?
YES
Use Standard of GRAP on Property, Plant and Equipment (GRAP 17)
(Cost or revaluation model)
NO
Is the property held under an operating lease?
YES
Does the municipality choose to classify it as an Investment Property?
NO
Use Standard of GRAP on Leases (GRAP 13)
NO
The property is an Investment Property
YES
NO
Which model is chosen for all Investment Properties?
FAIR VALUE MODEL
Use Standard of GRAP on Investment Property
(GRAP 16)
COST MODEL
Use Standard of GRAP on Property, Plant and Equipment (GRAP 17)
(Cost model) with disclosure of Standard of Investment Property

(c) Responsibilities

- The CFO shall ensure that the classification of immovable assets adopted by the municipality complies with the statutory requirements.
- The CFO shall consult with the Directors responsible for PPE to determine an effective and appropriate asset hierarchy for each asset class of PPE to component level and record such in the asset management procedures document.
- Every Director shall ensure that all immovable assets under their control are classified correctly within the classification adopted by the municipality.
- Every Director shall advise the CFO when assets should be re-classified.

10.3 IDENTIFICATION OF ASSETS

(a) Definitions and rules

Immovable asset coding

An asset coding system is the means by which the municipality is able to uniquely identify each immovable asset (at the lowest level in the adopted asset hierarchy) in order to ensure that it can be accounted for on an individual basis.

Barcoding system

A barcoding system will be used for movable assets as the means by which the municipality is able to uniquely identify each movable asset in order to ensure that it can be accounted for on an individual basis, which will also assist with the subsequent verification process of movable assets.

(b) Policy statement

A coding system shall be adopted and applied that will enable each asset of immovable assets (with PPE at the lowest level in the adopted asset hierarchy) to be uniquely and readily identified. Similarly a barcoding system shall be adopted for movable assets.

(c) Responsibilities

- The AO shall develop and implement an immovable asset coding system in consultation with the CFO and other Directors to meet the policy objective.
- Directors shall ensure that all the immovable assets under their control are correctly coded.
- Directors shall ensure that all the movables assets under their control are barcoded.

10.4 ASSET REGISTER

(a) Definitions and rules

Asset register

A fixed asset register is a database with information relating to each asset. The fixed asset register is structured in line with the adopted classification structure. The scope of data in the register is sufficient to facilitate the application of the respective accounting standards for each of the asset classes, and the strategic and operational asset management needs of the municipality.

Procurement of assets

All assets acquired must be in terms of the capital budget and assets must be procured in such a way that:

- a proper need for the asset was identified;
- procurement documentation supports the format adopted for the asset register and the asset hierarchy; and

- proper and approved procurement procedures are adhered to in terms of the Supply Chain Management Policy.

Authorisation for procurement should be as per the Municipalities' delegation of authority and payment for assets should be in accordance with the financial policies and regulations of the Council.

Updating data in the asset register

The fixed asset register is updated by an Asset Management Administrator only when authorised and instructed to do so by the CFO. The Asset Management Administrator is precluded from being a custodian of any asset.

(b) Policy statement

A fixed asset register shall be established to provide the data required to apply the applicable accounting standards, as well as other data considered by the municipality to be necessary to support strategic asset management planning and operational management needs. The asset register shall be updated and reconciled to the general ledger on a regular basis, which will be reconciled to the financial statements at year end.

(c) Responsibilities

- The CFO shall define the format of the fixed asset register in consultation with the AO and the Directors shall ensure that the format complies with the prevailing accounting standards and disclosure requirements.
- Directors shall provide the CFO with the data required to establish and update the asset register in a timely fashion.
- The CFO shall establish procedures to control the completeness and integrity of the asset register data.
- The CFO shall ensure proper application of the control procedures.

10.5 MEASUREMENT AT RECOGNITION

(a) Definitions and rules

Measurement at recognition of PPE

An item of PPE that qualifies for recognition is measured at cost. Where an asset is acquired at no or nominal cost (for example in the case of donated or developer-created assets), its cost is deemed to be its fair value at the date of acquisition. In cases where it is impracticable to establish the cost of an item of PPE, such as on recognising PPE for which there are no records, or records cannot be linked to specific assets, its cost is deemed to be its fair value.

Measurement at recognition of investment property

Investment property will be measured at cost including transaction cost at initial recognition. However, where an investment property was acquired through a non-exchange transaction (i.e. where the investment property was acquired for no or nominal value), its cost is its fair value at the date of acquisition.

Measurement at recognition of intangible assets

Intangible assets will be measured at cost at initial recognition. Where assets are acquired for no or nominal consideration, the cost is deemed to equal the fair value of the asset on the date acquired.

Measurement at recognition of heritage assets

Heritage assets will be measured at cost at initial recognition. Where assets are acquired for no or nominal consideration, the cost is deemed to equal the fair value of the asset on the date acquired.

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If the municipality holds an asset that might be regarded as a heritage asset but which, on initial recognition, does not meet the recognition criteria of a heritage asset because it cannot be reliably measured, relevant and useful information about it shall be disclosed in the notes to the financial statements as follows:

- A description of the heritage asset or class of heritage assets.
- The reason why the heritage asset or class of heritage assets could not be measured reliably.
- On disposal of the heritage asset or class of heritage assets, the compensation received and the amount recognised in the statement of financial performance.

Measurement at recognition of biological assets

Biological assets shall be measured on initial recognition and at each reporting date at its fair value less costs to sell.

Fair value

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market based evidence by appraisal can be used where there is an active and liquid market for assets (for example land and some types of plant and equipment). In the case of specialised buildings (such as community buildings) and infrastructure where there is no such active and liquid market, a depreciated replacement cost (DRC) approach may be used to identify the fair value. The appraisal of the fair value of assets is normally undertaken by a member of the valuation profession, who holds a recognised and relevant professional qualifications and appropriate knowledge and experience in valuation of the respective assets.

Depreciated replacement cost

If no evidence is available to determine the market value in an active and liquid market of an item of property, the fair value of the item may be established by reference to other items with similar characteristics, in similar circumstances and location. In many cases, the depreciated replacement cost of an asset can be established by reference to the buying price of a similar asset with similar remaining service potential in an active and liquid market. In some cases, an asset's reproduction cost will be the best indicator of its replacement cost. For example, in the event of loss, a parliament building may be reproduced rather than replaced with alternative accommodation because of its significance to the community.

Costs associated with heritage assets

Costs incurred to enhance or restore a heritage asset to preserve its indefinite useful life should be capitalised as part of the cost of the asset. Such costs should be recognised in the carrying amount of the heritage asset as incurred.

Changes in the existing decommissioning or restoration cost included in the cost of an item

Changes in the measurement of an existing decommissioning cost or restoration cost as a result of changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, should be treated as follows:

10.5.1 If the cost model is used -

- Changes in the liability shall be added to or deducted from the cost of the related asset.
- If the amount deducted from the cost of the asset exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit.
- If the adjustment results in an addition to the cost of an asset, the municipality should consider whether this is an indication that the carrying amount may not be recoverable. In this case the municipality should test the asset for impairment.

10.5.2 If the revaluation model is used -

- A decrease in the liability shall be credited to the revaluation surplus, except that it shall be recognised in the surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in the surplus or deficit; and
- an increase in the liability shall be recognised in surplus or deficit, except that it shall be debited to the revaluation surplus to the extent that any credit balance may exist in the revaluation surplus in respect of asset.
- If the decrease in liability exceeds the carrying amount that would have been recognised if the asset has been carried under the cost model, the excess shall be recognised immediately in the surplus or deficit.
- If the change in liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation shall be taken into account in determining the amounts to be taken to surplus or deficit and net assets as discussed above. If a revaluation is necessary, all assets of that class shall be revalued.
- The change in the revaluation surplus arising from the change in the liability shall be separately identified and disclosed on the face of the statement of changes in net assets.

Finance leases

At the commencement of a lease term, the municipality (the lessee) shall recognise a finance lease as an asset and liability in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease contract, if this is practicable to determine; if not, the lessee's incremental borrowing rate shall be used. Any initial direct cost of the lessee is added to the amount recognised as an asset.

Self-constructed immovable PPE

Self-constructed assets relate to all assets constructed by the municipality itself or another party on instructions from the municipality. All assets that are constructed by the municipality should be recorded in the asset register and each component that is part of this immovable PPE should be depreciated over its estimated useful life for that category of asset.

Proper records are kept such that all costs associated with the construction of these assets are completely and accurately accounted for as capital under construction, and upon completion of the asset, all costs (both direct and indirect) associated with the construction of the asset are summed and capitalised as an asset.

Construction of future investment property

If property is developed for future use as an investment property, such property shall in every respect be accounted for as investment property.

Borrowing costs

Borrowing costs are interest and other costs incurred by the municipality from borrowed funds. The items that are classified as borrowing costs include at interest on bank overFinals and short-term and long-term borrowings, amortisation of premiums or discounts associated with such borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings; finance charges in respect of finance leases and foreign exchange differences arising from foreign currency borrowings when these are regarded as an adjustment to interest costs. Borrowing costs shall be capitalised if related to construction of a qualifying asset (one that necessarily takes a substantial period of time to get ready for its intended use or sale) and external funding is sourced to fund the project.

In the following cases it is inappropriate to capitalise borrowing costs:

- It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirement of the municipality directly to the nature of the expenditure to be funded i.e. capital or current. In such case, the municipality shall expense those borrowing costs related to a qualifying asset directly to the statement of financial performance.
- In exceptional cases the municipality is allowed to expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. It may be difficult for the municipality to identify a direct relationship between an asset and borrowing costs incurred because the financing activity is controlled centrally and it will not always be possible to keep track of the specific borrowing costs which should be allocated to the qualifying asset. As a result the reasonable effort and cost may outweigh the benefit of presenting the information, making it inappropriate to capitalise the borrowing cost.

Non-current assets held for sale

Immovable assets classified as non-current assets held for sale shall be measured at the lower of its carrying value and its fair value less cost to sell immediately before meeting the criteria for such classification.

In the event that a non-current asset held for sale ceases to meet the criteria for such classification, it is recognised in the asset register and measured at the lower of:

- its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale, or
- its recoverable amount or recoverable service amount at date of the subsequent decision not to sell.

The municipality shall include any required adjustment to the carrying amount of an immovable asset that ceases to be classified as held for sale in revenue of the continuing operations in the period in which the criteria to be held for sale are no longer met. The municipality shall present that adjustment in the same caption in the Statement of Financial Performance used to present a gain or loss.

Deferred payment

The cost of an asset is the cash equivalent at the recognition date. If the payment of the cost price is deferred beyond normal credit terms, the difference between the cash price equivalent (the total cost price is discounted to the asset's present value as at the transaction date) and the total payment is recognised as an interest expense over the period of credit unless such interest is recognised in the carrying value of the asset in accordance with the Standard on Borrowing Costs, GRAP 5.

Exchanged PPE assets

In cases where assets are exchanged, the cost is deemed to be the fair value of the acquired asset and the disposed asset is de-recognised. If the acquired asset is not measured at its fair value, its cost price will be the carrying amount of the asset given up.

Cost of an item of PPE

The capitalisation value comprises of;

(i) the purchase price,

(ii) any directly attributable costs necessary to bring the asset to its location and condition necessary for it to be operating in the manner intended by the municipality, and

(iii) an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

VAT is excluded (unless the municipality is not allowed to claim input VAT paid on purchase of such assets - in such an instance, the municipality should capitalise the cost of the asset together with VAT).

Directly attributable costs

Directly attributable costs are defined as:

- Cost of employee benefits arising directly from the construction or acquisition of the item of immovable PPE and intangible assets.
- costs of site preparation (in the case of PPE assets);
- initial delivery and handling costs (in case of PPE infrastructure, PPE community assets and PPE heritage assets) ;
- installation and assembly costs, cost of testing whether the immovable PPE or associated intangible asset is functioning properly, after deducting the net proceeds from selling any item produced while bringing the asset to that location and condition;
- commissioning (cost of testing the asset to see if the asset is functioning properly, after deducting the net proceeds from selling any item produced while bringing the asset to its current condition and location)
- professional fees (for example associated with design fees, supervision, and environmental impact assessments) (in the case of all asset classes); and
- proper transfer taxes (in the case of all asset classes).

(b) Policy statement

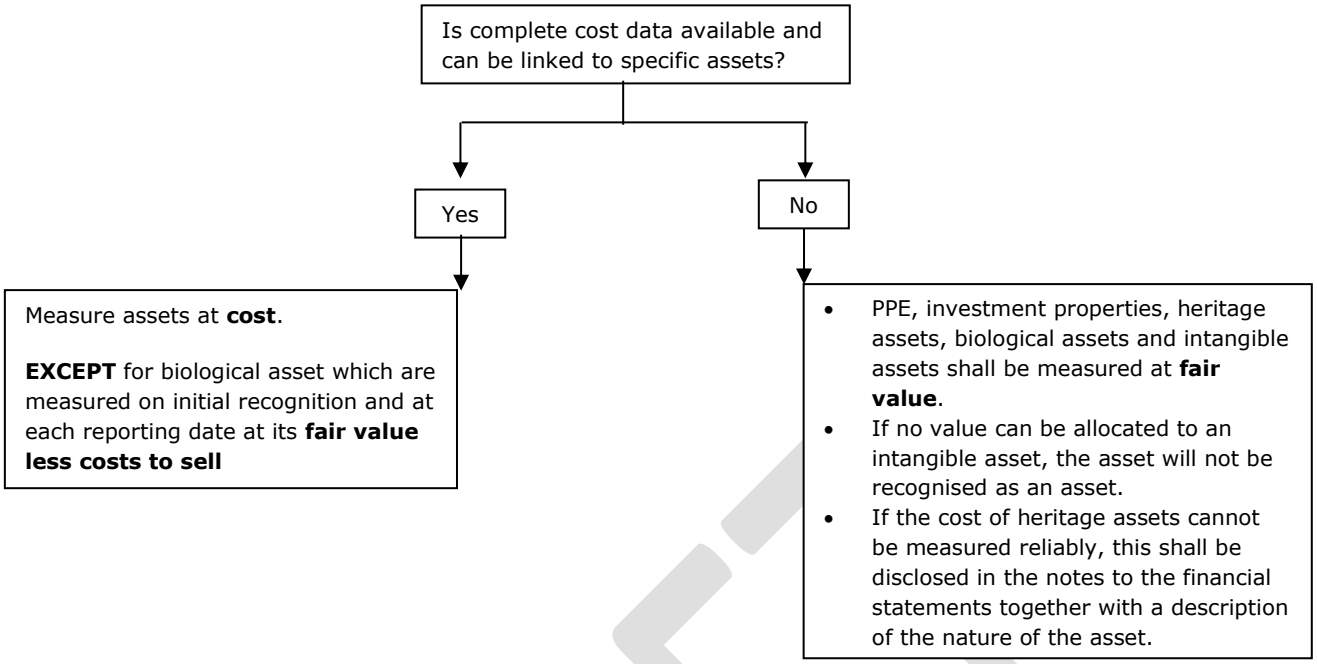
PPE, intangible assets, heritage assets and investment property that qualify for recognition shall be capitalised **at cost.** Interest on deferred payments will be expensed. Biological assets that qualify for recognition shall be capitalised at **fair value less costs to sell**.

In cases where complete cost data is not available or cannot be reliably linked to specific assets:

- The fair value of PPE infrastructure, community property and building property shall be adopted on the basis of depreciated replacement cost;
- If the cost of heritage assets cannot be measured reliably, this shall be disclosed in the notes to the financial statements together with a description of the nature of the asset; and
- Investment property and intangible assets shall be measured at fair value on the date of acquisition. If no fair value can be allocated to the intangible asset, the asset will not be recognised as an asset.

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Figure 3: Measurement at initial recognition


Is complete cost data available and can be linked to specific assets?
Yes
No
Measure assets at **cost**.
EXCEPT for biological asset which are measured on initial recognition and at each reporting date at its **fair value less costs to sell**
PPE, investment properties, heritage assets, biological assets and intangible assets shall be measured at **fair value**.
If no value can be allocated to an intangible asset, the asset will not be recognised as an asset.
If the cost of heritage assets cannot be measured reliably, this shall be disclosed in the notes to the financial statements together with a description of the nature of the asset.

(c) Responsibilities

- The CFO, in consultation with the AO and Directors, shall determine effective procedures for the capitalisation of assets on recognition.
- Every Director shall ensure that all assets under their control are correctly capitalised.
- Every Director shall advise the CFO of any deferred payments from the municipality, providing the relevant details of such.

10.6 MEASUREMENT AFTER RECOGNITION

(a) Definitions and rules

Options

Accounting standards allow measurement after recognition on immovable assets as follows:

- PPE, heritage assets and intangible assets: on either a cost or revaluation model;
- Biological assets: fair value less costs to sell; and
- Investment Property: either cost model or the fair value model.

Different models can be applied, providing the treatment is consistent per asset class.

Cost model

When the cost model is adopted, the asset is carried after recognition at its cost less any accumulated depreciation and any accumulated impairment losses.

Revaluation model

When the revaluation model is adopted an asset is carried after recognition at a re-valued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. When revaluations are conducted, the entire class of assets should be re-valued. The appraisal of the fair value of assets is normally undertaken by a member of the valuation profession, who holds a recognised and relevant professional qualifications and appropriate knowledge and experience in valuation of the respective assets.

If the carrying amount of an asset is increased as a result of a revaluation, the increase shall be credited directly to a revaluation surplus. However, the increase shall be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

If the carrying amount of an asset is decreased as a result of a revaluation, the decrease shall be recognised in surplus or deficit. However, the decrease shall be debited directly in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised directly in net assets reduces the amount accumulated in net assets under the heading revaluation surplus.

When an asset is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- Restated proportionately with the change in the gross carrying amount of the asset after revaluation equals its revalued amount. This method is often used when an asset is revalued by means of applying an index to its DRC.
- Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

The revaluation surplus is transferred to the Accumulated Surpluses/ (Deficits) Account on de-recognition of an asset. An amount equal to the difference between the new (enhanced) depreciation expense and the depreciation expenses determined in respect of such asset before the revaluation in question *may* be transferred from the Revaluation Reserve to the municipality's Accumulated Surplus/Deficit Account. *If this option is selected, an adjustment of the aggregate transfer is made at the end of each financial year.*

Investment property

When the fair value model is adopted, all investment property should be measured at its fair value except when the fair value cannot be determined reliably on a continuing basis. The fair value of the investment property shall reflect market conditions at the reporting date. It shall be valued on an annual basis. All fair value adjustments shall be included in the surplus or deficit for the financial year. If a municipality selects the cost model to measure all of its investment property, it does so in accordance with the Standard of GRAP on Property, Plant and Equipment, i.e., at cost less any accumulated depreciation and any accumulated impairment losses.

Statutory inspections

The cost of a statutory inspection that is required for the municipality to continue to operate immovable PPE is recognised at the time the cost is incurred, and any previous statutory inspection cost is de-recognised.

Expenses to be capitalised

Expenses incurred in the enhancement of PPE (in the form of improved or increased services or benefits flowing from the use of such asset), or in the material extension of the useful operating life of assets are capitalised. Such expenses are recognised once the municipality has beneficial use of the asset (be it new, upgraded, and/or renewed) – prior to this, the expenses are recorded as work-in-progress. Expenses incurred in the maintenance or repair (reinstatement) of PPE that ensures that the

useful operating life of the asset is attained, are considered as operating expenses and are not capitalised, irrespective of the quantum of the expenses concerned.

Spares

The location of capital spares shall be amended once they are placed in service, and re-classified to the applicable PPE asset sub-category. Depreciation on the capital spares will commence once the items are placed in service as this is when they are in the location and condition necessary for them to be capable of operating in the manner intended by management.

Major inspection

Major inspections will be recognised at the value of the major inspection.

(b) Policy statement

Measurement after recognition shall be on the following basis:

- PPE: *cost model or revaluation model* (selected based on municipalities policy)
- Heritage: *cost model or revaluation model* (selected based on municipalities policy)
- Investment property: *cost model or fair value model* (selected based on municipalities policy)
- Intangible assets: *cost model or revaluation model* (selected based on municipalities policy)
- Biological assets: fair value less cost to sell

An increase in asset value as a result of revaluation shall be reflected in a Revaluation Reserve, while fair value adjustments will be recognised in surplus / deficit.

The restatement method will be applied to proportionately restate the accumulated depreciation to be in line with the gross replacement cost or CRC of the revalued asset or the elimination method will be applied and the accumulated depreciation will be eliminated against the gross carrying amount of the asset (therefore accumulated depreciation becomes zero) and the net amount restated to the revalued amount of the asset or DRC of the revalued asset.

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Figure 4: Measurement after recognition

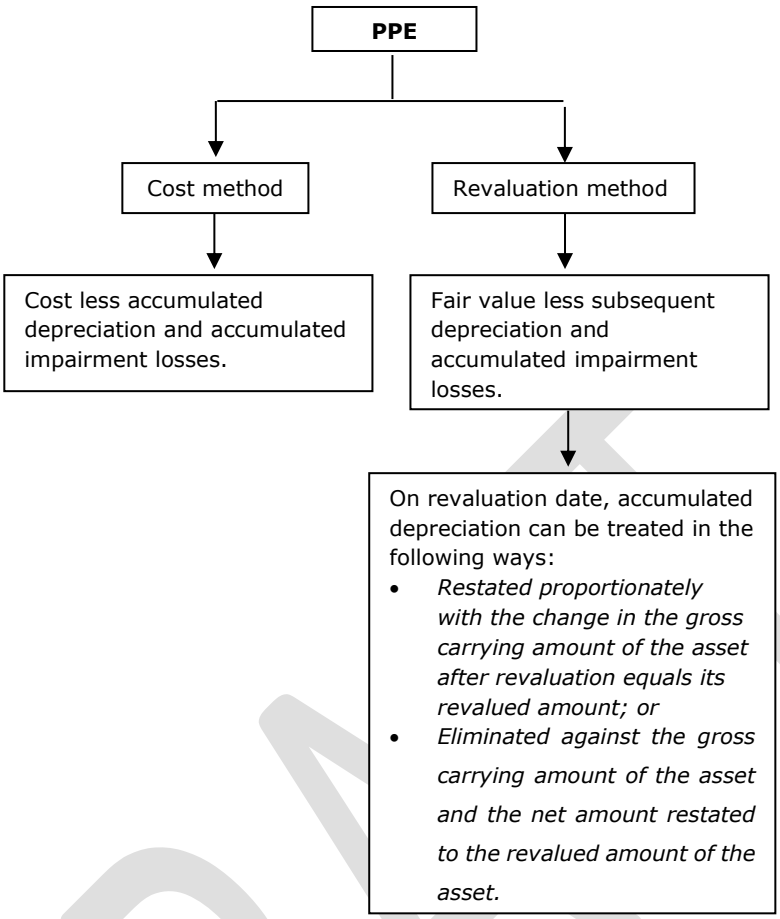

PPE
Cost method
Revaluation method
Cost less accumulated depreciation and accumulated impairment losses.
Fair value less subsequent depreciation and accumulated impairment losses.
On revaluation date, accumulated depreciation can be treated in the following ways:
Restated proportionately with the change in the gross carrying amount of the asset after revaluation equals its revalued amount; or
Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Figure 5: Measurement after recognition

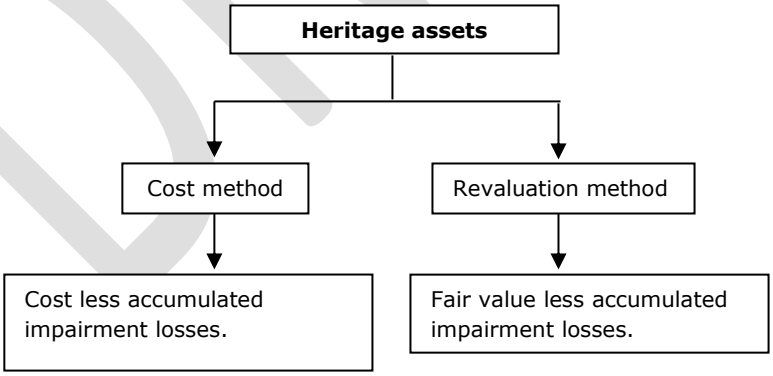


Figure 6: Measurement after recognition

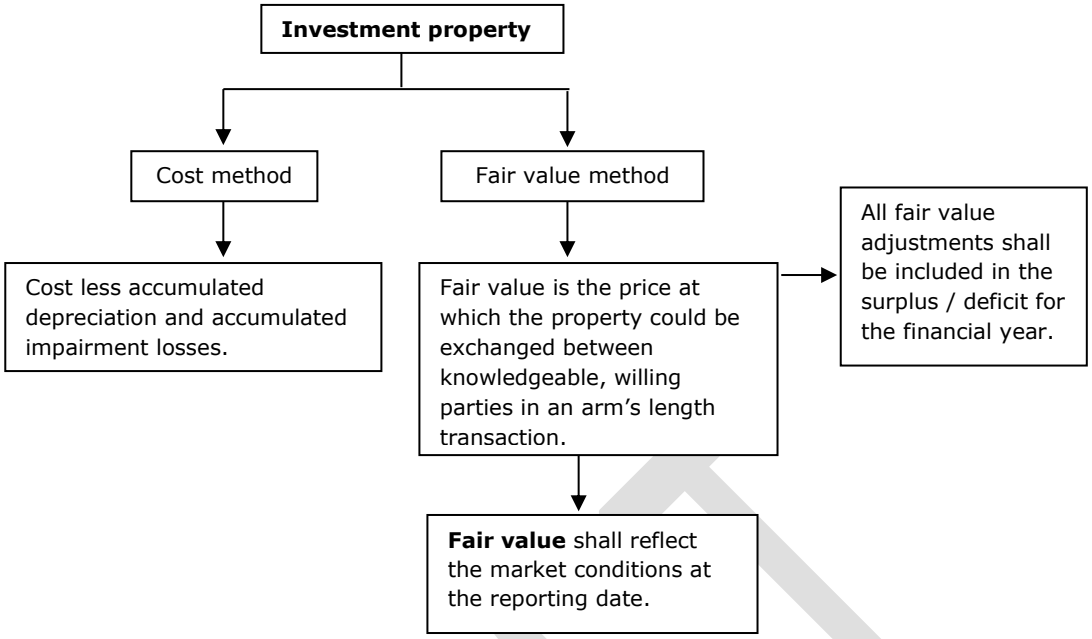

Investment property
Cost method
Fair value method
Cost less accumulated depreciation and accumulated impairment losses.
Fair value is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction.
All fair value adjustments shall be included in the surplus / deficit for the financial year.
Fair value shall reflect the market conditions at the reporting date.

Figure 7: Measurement after recognition

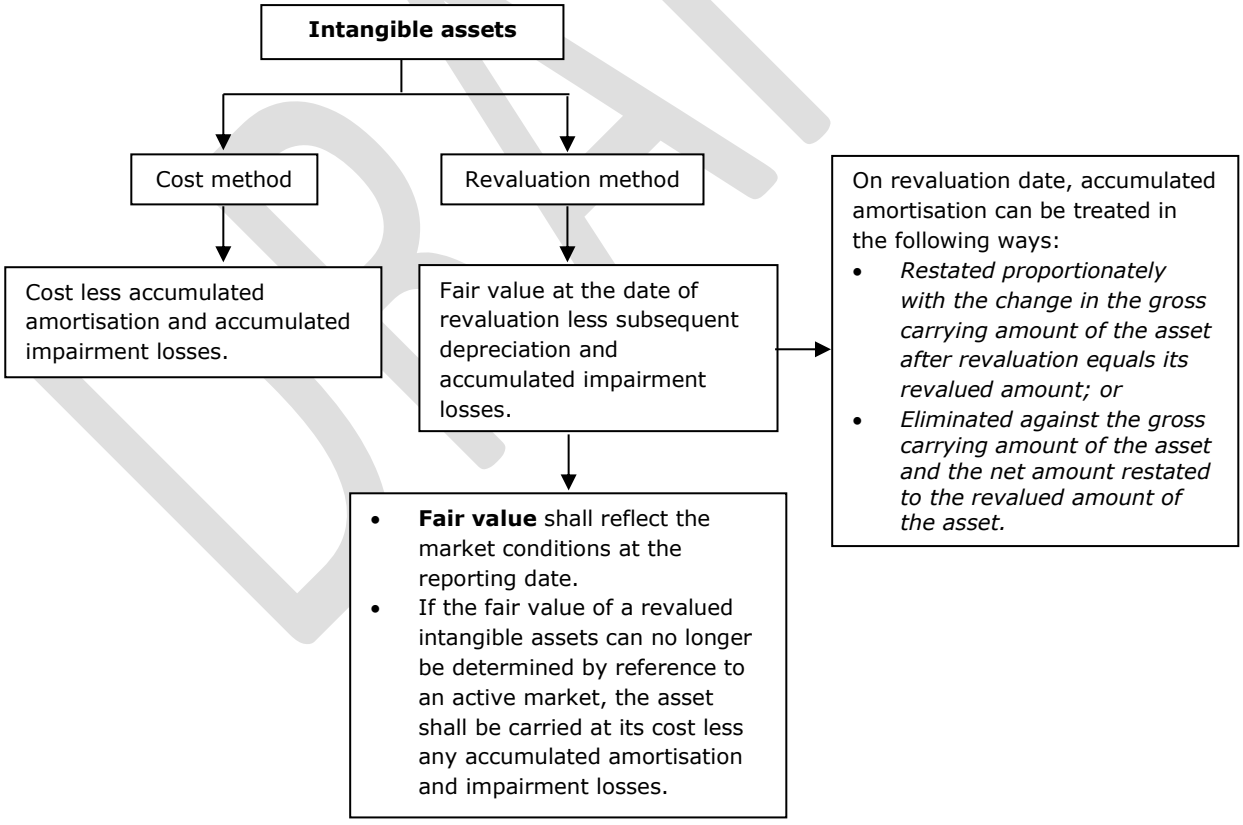
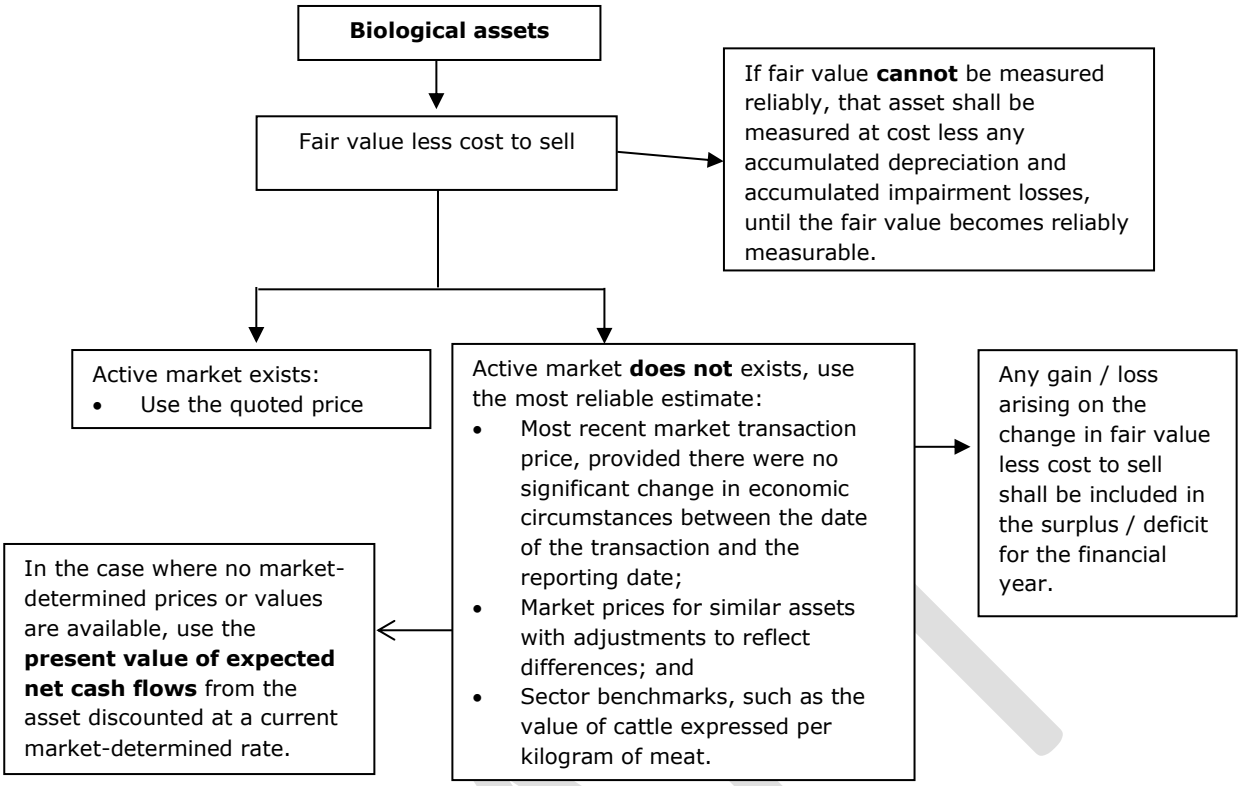

Intangible assets
Cost method
Revaluation method
Cost less accumulated amortisation and accumulated impairment losses.
Fair value at the date of revaluation less subsequent depreciation and accumulated impairment losses.
On revaluation date, accumulated amortisation can be treated in the following ways:
Restated proportionately with the change in the gross carrying amount of the asset after revaluation equals its revalued amount; or
Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.
Fair value shall reflect the market conditions at the reporting date.
If the fair value of a revalued intangible assets can no longer be determined by reference to an active market, the asset shall be carried at its cost less any accumulated amortisation and impairment losses.

Figure 8: Measurement after recognition


Biological assets
Fair value less cost to sell
If fair value **cannot** be measured reliably, that asset shall be measured at cost less any accumulated depreciation and accumulated impairment losses, until the fair value becomes reliably measurable.
Active market exists:
• Use the quoted price
Active market **does not** exists, use the most reliable estimate:
• Most recent market transaction price, provided there were no significant change in economic circumstances between the date of the transaction and the reporting date;
• Market prices for similar assets with adjustments to reflect differences; and
• Sector benchmarks, such as the value of cattle expressed per kilogram of meat.
Any gain / loss arising on the change in fair value less cost to sell shall be included in the surplus / deficit for the financial year.
In the case where no market-determined prices or values are available, use the **present value of expected net cash flows** from the asset discounted at a current market-determined rate.

(c) Responsibilities

- The CFO, in consultation with the AO and Directors, shall determine effective procedures for the on-going capitalisation of assets after recognition.
- Every Director shall ensure that all capital expenses associated with assets under their control are correctly capitalised.
- Every Director shall ensure that revaluations and fair value adjustments are conducted where applicable to immovable infrastructure under their control.

10.7 DEPRECIATION

(a) Definition and rules

Depreciation

Depreciation is the systematic allocation of the depreciable amount of an asset over its remaining useful life. The amortisation of intangible assets is identical.

Land and servitudes are considered to have unlimited life; therefore they are not depreciated. Heritage assets and investment property are also not depreciated.

Depreciable amount

The depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Residual value

The residual value is the estimated amount that the municipality would currently obtain from disposal of the asset after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The residual values of assets are indicated in **Annexure C** and **D** in the form of a percentage. In the case of assets measured after recognition on the cost model, the percentage is of the initial cost of acquisition. In the case of assets measured after recognition on the revaluation model, the percentage is of the revalued cost.

Intangible assets with an indefinite useful life

An intangible asset with an indefinite useful life will not be amortised. Impairment testing shall be performed on these assets on an annual basis and whenever there is an indication that the assets might be impaired, comparing its recoverable amount with its carrying amount.

Remaining useful life

The remaining useful life (RUL) of a depreciable PPE asset is the time remaining until an asset ceases to provide the required standard of performance or economic usefulness.

The remaining useful life of all depreciable immovable PPE assets at initial recognition is the same as the expected useful life indicated in **Annexure C** above. The remaining useful life of all depreciable movable PPE assets that are new, or are considered to have been renewed, at initial recognition is the same as the expected useful life indicated in **Annexure D**.

Annual review of remaining useful life

The remaining useful lives of depreciable PPE are reviewed every year at the reporting date. Changes may be required as a result of new, updated or more reliable information being available. Changes may also be required as a result of impairments (as contemplated in **Section 10.8** of this policy). Depreciation charges in the current and future reporting periods are adjusted accordingly, and are accounted for as a change in an accounting estimate.

Depreciation method

Depreciation of PPE is applied at the component level. A range of depreciation methods exist and can be selected to model the consumption of service potential or economic benefit (for example the straight line method, diminishing amount method, fixed percentage on reducing balance method, sum of the year digits method, production unit method). The approach used should reflect the consumption of future economic benefits or service potential, and should be reviewed annually where there has been a change in the pattern of consumption.

Depreciation charge

Depreciation starts once an asset is available for use, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an assets ceases at the earlier of the date that the asset is classified as held for sale (in accordance with the standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations) and the date the asset is de-recognised.

Carrying amount

The carrying amount is the cost price / fair value amount after deducting any accumulated depreciation and accumulated impairment losses.

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Capital spares

Depreciation on capital spares will commence once the items are placed in service as this is when they are in the location and condition necessary for them to be capable of operating in the manner intended by management.

Finance lease

Depreciable assets financed through a finance lease will give rise to a depreciation expense and finance cost which will occur for each accounting period. The depreciation policy for depreciable leased assets shall be consistent with the policy of depreciable owned assets, and the depreciation recognised shall be calculated in accordance with the Standard on Property, Plant and Equipment, GRAP 17. If there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life. If there is certainty that the municipality will obtain ownership by the end of the lease term, the asset will be fully depreciated over the asset's useful life.

(b) Policy statement

All PPE, except land, servitudes and heritage assets, shall be depreciated over their remaining useful lives. All intangible assets, other than intangibles with an indefinite useful life, shall be amortised over their remaining useful lives.

The method of depreciation / amortisation shall be reviewed on an annual basis, though the *straight line method / diminishing amount method / fixed percentage on reducing balance method / sum of the year digits method / production unit method* shall be used in all cases unless Council determines otherwise. Investment Property on the fair value method will also not be depreciated. The existence, remaining useful lives and residual values shall also be reviewed at each reporting date.

(c) Responsibilities

- The Director shall ensure that a budgetary provision is made for the depreciation of the immovable PPE in the ensuing financial year, in consultation with the CFO.
- The CFO shall indicate a fixed annual date for the review of the remaining useful life of immovable PPE under the control of the respective Directors.
- Every Director shall annually review the remaining useful life as well as the expected useful life and residual values stated in **Annexures C and D** and the depreciation method of PPE that are under their control and motivate to the AO and CFO any adjustments if these are required, in the judgement of the Directors.
- Changes should not be made on a continuous basis because the accounting principle of consistency would be violated.
- The CFO shall report changes made to the remaining useful life of immovable PPE in the asset register to the AO and Council.
- The CFO shall ensure that depreciation charges are debited on a monthly basis and that the fixed asset register is reconciled with the general ledger.

10.8 IMPAIRMENT

(a) Definition and rules

Impairment

Impairment is defined as the loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

Indications of impairment

The municipality must review assets for impairment when one of the indicators below occurs or at least at the end of each reporting period. In assessing whether there is any indication that an asset may be impaired, an entity shall consider as a minimum the following indicators:

10.8.1 External sources of information:

- decline or cessation in demand;
- significant long-term changes in the technological, legal or government policy environment;
- the carrying amount of the net assets of the entity is more than its market capitalisation;
- market interest rates have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially; or
- a halt in construction could indicate an impairment. Where construction is delayed or postponed to a specific date in the future, the project may be treated as work in progress and not considered as halted.

10.8.2 Internal sources of information:

- evidence of physical damage;
- evidence of obsolescence;
- significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or a manner in which, an asset is used or is expected to be used, including an asset becoming idle, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- cash flow for acquiring an asset or maintenance cost thereafter is higher than originally budgeted;
- the actual net cash flow or operating profit or loss flowing from an asset are significantly worse than those budgeted;
- a significant decline in budgeted net cash flow or operating profit, or a significant increase in the budget loss, flowing from the asset; or
- operating losses or net cash outflows for the asset, when current period amounts are aggregated with budgeted amounts for the future.

10.8.3 Other indications, such as loss of market value.

Impairment of projects under construction

In assessing whether a halt in construction would trigger an impairment test, it should be considered whether construction has simply been delayed or postponed, whether the intention to resume construction in the near future or whether the construction work will not be completed in the foreseeable future. Where construction is delayed or postponed to a specific future date, the project may be treated as work in progress and is not considered as halted.

Intangible assets

The municipality must test all intangible assets associated with immovable PPE not yet available for use or which have an indefinite useful life for impairment. This impairment test may be performed at any time during the reporting period provided it is performed at the same time every year.

Investment property on the fair value model

Investment property that is measured at fair value is specifically excluded from the scope of GRAP 21 and GRAP 26 (impairment standards). Any impairment would be reflected in the annual review of fair value.

Recoverable amount

The events and circumstances in each instance must be recorded. Where there are indications of impairment, the municipality must estimate the recoverable service amount of the asset and also consider adjustment of the remaining useful life, residual value, and method of depreciation.

Impairment loss

An impairment loss of a non-cash-generating unit or asset is defined as the amount by which the carrying amount of an asset exceeds its recoverable service amount. The recoverable service amount is the higher of the fair value less costs to sell and its value in use.

An impairment loss of a cash-generating unit (smallest group of assets that generate cash inflows) or asset is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and its value in use.

Non-cash generating unit

Non-cash-generating units are those assets (or group of assets) that are not held with the primary objective of generating a commercial return. This would typically apply to assets providing goods or services for community or social benefit. The recoverable service amount is the higher of the asset's fair value less cost to sell and its value in use. It may be possible to determine the fair value even if the asset is not traded in an active market. If there is no binding sales agreement or active market for an asset, the fair value less cost to sell is based on the best information available to reflect the amount that an entity could obtain. However, sometimes it will not be possible to determine the fair value less cost to sell because there is no basis for making reliable estimates of the amount obtainable. For non-cash generating assets which are held on an on-going basis to provide specialised services or public goods to the community, the value in use of the assets is likely to be greater than the fair value less cost to sell. In such cases the municipality may use the asset's value in use as its recoverable service amount. The value in use of a non-cash generating unit/asset is defined as the present value of the asset's remaining service potential.

This can be determined using any of the following approaches:

- the Depreciated Replacement Cost (DRC) approach (and where the asset has enduring and material over-capacity, for example in cases where there has been a decline in demand, the Optimised Depreciated Replacement Cost (ODRC) approach may be used);
- the restoration cost approach (the Depreciated Replacement Cost less cost of restoration) – usually used in cases where there has been physical damage; or
- the service units approach (which could be used for example where a production units model of depreciation is used).

Where the present value of an asset's remaining service potential (determined as indicated above) exceeds the carrying value, the asset is not impaired.

Cash-generating unit

Cash-generating units are those assets held with the primary objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity. Holding an asset to generate a "commercial return" indicates that an entity intends to generate positive cash inflows from the asset (or from part of the cash-generating unit of which the asset is a part) and earn a commercial return that reflects the risk involved in holding the asset. When the cost model is adopted, fair value is determined in accordance with the rules indicated for measurement after recognition. Costs to sell are the costs directly attributable to the disposal of the asset (for example agents fees, legal costs), excluding finance costs and income tax expenses. The value in use is determined by estimating the future cash inflows and outflows from the continuing use of the asset and net cash flows to be received or (paid) for the disposal of the assets at the end of its useful life, including factors to reflect risk in the respective cash-flows and the time value of money.

Judgement

The extent to which the asset is held with the objective of providing a commercial return needs to be considered to determine whether the asset is a cash generating or non-cash generating asset. An asset may be held with the primary objective of generating a commercial return even though it does not meet that objective during a particular reporting period. Conversely, an asset may be a non-cash-generating asset even though it may be breaking even or generating a commercial return during a particular reporting period. In some cases it may not be clear whether the primary objective of holding an asset is to generate a commercial return. In such cases it is necessary to evaluate the significance of the cash flows. It may be difficult to determine whether the extent to which the asset generates cash flows is so significant that the asset is a non-cash-generating- or a cash-generating asset. Judgement is needed in these circumstances.

Recognition of impairment

The impairment loss is recognised as an expense when incurred (unless the asset is carried at a re-valued amount, in which case the impairment is carried as a decrease in the Revaluation Reserve, to the extent that such reserve exists). After the recognition of an impairment loss, the depreciation charge for the asset is adjusted for future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

When no future economic benefit is likely to flow from an asset, it is de-recognised and the carrying amount of the asset at the time of de-recognition, less any economic benefit from the de-recognition of the asset, is debited to the Statement of Financial Performance as a "Loss on Disposal of Asset".

In the event of compensation received for damages to an item of PPE, the compensation is considered as the asset's ability to generate income and is disclosed under Sundry Revenue; and the asset is impaired/ de-recognised.

Reversing an impairment loss

The municipality must assess each year from the sources of information indicated above whether there is any indication that an impairment loss recognised in previous years may no longer exist or may have decreased. In such cases, the carrying amount is increased to its recoverable amount (providing that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods). Any reversal of an impairment loss is recognised as a credit in surplus or deficit.

(b) Policy statement

Impairment of assets shall be recognised as an expense in the Statement of Financial Performance when it occurs or at least at every reporting date. Ad-hoc impairment shall be identified as part of normal operational management as well as scheduled annual inspections of the assets.

The municipality considers the following asset classes to be cash generating:

- *note asset classes*

All assets relating to these classes are held with the primary objective of generating a commercial return. Consequently the municipality adopts the impairment treatment for cash generating units in the impairments of its PPE and associated intangible assets that relate to these classes.

The municipality considers all other following classes:

- *note asset classes*

All these asset classes are considered to be assets whose primary objective is to provide goods and services for community or social benefit, and where positive cash flows are generated, these are with the view to support the primary objective rather

than for financial return to equity holders. Consequently the municipality adopts the impairment treatment for non-cash generating units in the impairments of its PPE and associated intangible assets that relate to these asset classes.

(c) Responsibilities

- The CFO shall indicate a fixed annual date for the review of any impairment that may have occurred on assets under the control of the respective Directors.
- The Directors shall review any impairment on the PPE under their control at the annual review date, and from time to time as a result of any events that come to their attention that may have a material negative effect on the performance of these assets. The Directors shall motivate to the CFO proposed changes to the performance of such assets and the necessary impairments that needs to be recognised on such assets.
- The Directors should evaluate all the immovable PPE for impairment, taking into consideration any discussions with the senior accountants and operating managers.
- The Asset register administrator should update the fixed asset register with the information received, relating to the impairment, from the financial management system where the impairment journals have been processed.
- The CFO shall report changes made to the carrying values of these assets in the asset register to the AO and Council.

10.9 DE-RECOGNITION

(a) Definition and rules

Exempt assets

Capital assets transferred to another municipality or to a municipal entity or to a national or provincial organ of state in circumstances and in respect of categories of assets approved by the National Treasury, provided that such transfers are in accordance with a prescribed framework in terms of the Municipal Asset Transfer Regulations.

Non-exempt assets

Assets other than exempt assets.

De-recognition

Assets are de-recognised on disposal or when no future economic benefits or service potential are expected from its use or disposal. Where assets exist that have reached the end of their useful life yet they pose potential liabilities, the assets will not be de-recognised until the obligations under the potential liabilities have been settled.

The gain or loss arising from de-recognition of an item of immovable assets shall be included in surplus of deficit when the item is de-recognised.

PPE that is associated with the provision of basic services cannot be disposed without the approval of Council.

Government Gazette no.31346, Municipal asset transfer regulations, sets out the regulations regarding municipal asset transfers and disposals, for example type of assets that need approval to be disposed or transferred, timeframes, possible public participation requirements, considerations in approving the transfer or disposal and Council approval.

Read in conjunction with the Municipal Finance Management Act (MFMA) it is clear that a municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of a capital asset needed to provide the minimum level of basic municipal services unless that transfer is to an organ of state, and the following conditions must be met:

- Ownership in the capital asset (including replacements, upgrading and improvements made by the organ of state) must immediately revert to the municipality should the organ of state for any reason cease to or is unable to render the service;

- The organ of state may not without the written approval of the municipality:
- Transfer, dispose of or encumber the capital asset (including replacements, upgrading and improvements made by the organ of state) in any way;
- Grant a right to another person to use, control or manage the capital asset (including replacements, upgrading and improvements made by the organ of state);
- The transfer agreement must reflect the conditions above; and
- The organ of state must demonstrate the ability to adequately maintain and safeguard the asset.

If the combined value of any non-exempt capital assets a municipality intends to transfer or dispose of in any financial year exceeds 5% of the total value of its assets, as determined from its latest available audited AFS, a public participation process must be conducted to facilitate the determinations of the municipal council, in relation to all the non-exempt capital assets proposed to be transferred or disposed of during the year.

Council may delegate the following powers and responsibilities to the AO:

- The decision as to whether the non-exempt capital asset is needed to provide a basic service;
- The power to approve in-principle that the non-exempt capital asset may be transferred or disposed of; and
- The authority to approve in-principle of the granting of a right to use a capital asset. This delegation does not extend however, to cover long-term high-value transactions.

Disposal of assets should be at fair value. If payment for the item is deferred, the consideration received is recognised initially at the cash price equivalent (the total proceeds discounted to the present value as at the transaction date). The difference between the nominal amount of the consideration and the cash price equivalent is recognised as interest revenue.

Disposal Management System

An effective system of disposal management for disposal or letting of assets, including unserviceable, redundant or obsolete assets, must be provided for in the Supply Chain Management Policy.

This must specify the ways in which assets may be disposed of, including by:

- transfer the asset to another organ of state in terms of a provision of the MFMA enabling the transfer of assets;
- transferring the assets to another organ of state at market related value or, when appropriate, free of charge;
- selling the asset; or
- destroying the asset.

PPE may be sold only at market related prices except when the public interest or the poor demands otherwise. When assets are traded in for other assets, the highest possible trade-in price must be negotiated.

Revaluation model

The revaluation surplus is transferred to the Accumulated Surpluses/ (Deficits) Account on de-recognition of an asset. An amount equal to the difference between the new (enhanced) depreciation expense and the depreciation expenses determined in respect of such immovable asset before the revaluation in question may be transferred from the Revaluation Reserve to the municipality's Accumulated Surplus/Deficit Account. An adjustment of the aggregate transfer is made at the end of each financial year.

(b) Policy statement

Fixed assets for which no future economic benefits or service potential are expected shall be identified and methods of disposal and the associated costs or income considered by Council. The carrying amount of the asset shall be de-recognised when no future economic benefits or service potential are expected from its use or its disposal. Where assets exist that have reached

the end of their useful life yet they pose potential liabilities, the assets will not be de-recognised until the obligations under the potential liabilities have been settled.

Where an asset being de-recognised was previously revalued, the revaluation surplus is transferred to the Accumulated Surpluses/ (Deficits) Account on de-recognition of an asset.

(c) Responsibilities

- Fixed assets shall be de-recognised only on the recommendation of the Directors controlling the asset, and with the approval of the AO.
- Every Directors shall report to the CFO on assets which such Directors wishes to have de-recognised, stating in full the reason for such recommendation, indicating whether or not the assets are associated with the provision of basic services. The CFO shall consolidate all such reports, and shall promptly make a submission to the Disposals Committee with a copy to the AO on the PPE to be de-recognised, the proposed method of disposal, and the estimated cost or income from such disposal. The Disposals Committee shall consider the submission and make recommendations to the Council for adoption.
- Assets that are replaced in the nominal course of the life-cycle renewal should be de-recognised and removed from the asset register.
- The AO, in consultation with the CFO and other Directors shall formulate norms and standards from the replacement of all PPE.

10.10 INSURANCE OF ASSETS

(a) Definition and rules

Insurance provides selected coverage for the accidental loss of asset value.

Generally, government infrastructure is not insured against disasters because relief is provided from the Disaster Fund through National Treasury. The municipality can however elect to insure certain infrastructure risks, though approval must be obtained from the Council. The CFO must conduct a risk assessment of all assets and after considering the risks involved, report to Council, which assets must be insured. The risk assessment must be based on a loss probability analysis and if there is no capacity within the municipality to conduct the analysis, the CFO should be authorised to obtain external professional assistance.

The municipality may elect to operate a self-insurance reserve, in which case the CFO shall annually determine the premiums payable by the departments or votes after having received a list of assets and insurable values of all relevant assets from the HOD(SO)s concerned. This will be reflected in the accumulated surplus and will be cash backed.

Assets must be insured internally or externally and coverage must be based on the loss probability analysis. All insurance claims must be assessed by an official, charged with the responsibility for the insurance of assets, to determine whether the damage to the assets can be recovered from possible third parties involved. If the damage was caused by an identifiable third party the CFO should compile a report advising the AO of the facts thereof and any possible further action.

(b) Policy statement

The municipality should adhere to the disaster management plan for prevention and mitigation of disaster in order to be able to attract the disaster management contribution during or after disaster. The Council shall decide on insurance cover for assets each financial year based on the recommendation from the AO after consultation with the CFO.

(c) Responsibilities

- The AO will consult with the CFO on the basis of insurance to be applied to each type of asset: either the carrying value or the replacement value of the immovable asset concerned. The approach shall take due cognisance of the budgetary resources of the municipality, and where applicable asset classes shall be prioritised in terms of their risk exposure and value.
- The AO shall advise Council on the insurance approach taken.
- In the event that the CFO is directed by Council to establish a self-insurance reserve, the CFO shall annually submit a report to the Council on any reinsurance cover which it is deemed necessary to procure for the municipality's self-insurance reserve.

11. POLICY FOR SAFEGUARDING

(a) Definitions and rules

The municipality applies controls and safeguards to ensure that assets are protected against improper use, loss, theft, malicious damage or accidental damage.

The existence of assets is physically verified from time-to-time, and measures adopted to control their use, as follows:

- All above ground assets should be verified for existence and any changes in condition at least once a year. These inspections should be formally recorded and signed off and, where possible, shall be worked into the routine maintenance inspections. These inspections may be prioritised on a risk basis to give emphasis to assets approaching the end of their useful life and assets with a high value in relation to total assets (the threshold for high value will be determined by the CFO), whereas a sample basis may be adopted for long life or multiple assets of a similar nature;
- Performance data shall be reviewed for buried assets to identify possible changes in condition; and
- A detailed road condition survey shall be conducted every 5 years.

Every Director shall at least once during every financial year undertake a comprehensive verification of all movable PPE controlled by or used by the department concerned. Every Director shall promptly and fully report in writing to the CFO, in the format determined by the CFO, all relevant results of such verification.

This report in respect of the annual physical verification of movable assets shall:-

- Confirm the location of the asset;
- Confirm the physical description of the asset;
- Confirm the level of utilisation of the asset;
- Indicate the assessment of the condition of the asset (Condition Grade);
- Indicate the expected useful life of the asset (RUL); and
- The existence or absence of any physical impairment of the asset.

The municipality may allocate day-to-day duties relating to such control, verification and safekeeping to asset custodians, and record such in the asset register.

(b) Policy statement

An asset safeguarding plan shall be prepared for all assets indicating measures that are considered effective to ensure that all immovable assets under control of the municipality are appropriately safeguarded from inappropriate use or loss, including the identification of asset custodians for all assets. The impact of budgetary constraints on such measures shall be reported to Council. The existence, condition and location of these assets shall be verified annually (in line with the assessment of impairment).

(c) Responsibilities

- Each Director shall prepare and submit to the CFO, upon request, an annual asset safeguarding plan for the assets under the control of their respective departments, indicating the budget required.
- The CFO shall confirm the available budget, and in consultation with the respective Directors, determine the impact of any budget shortfall. The CFO shall report the impacts to the AO for review, and advise Council.
- Each Director shall implement the safeguarding plan within the resources made available.
- Each Director shall report, within the time frame indicated by the CFO, the existence, condition, location and appropriate use of assets under the control of their respective departments at the review date.
- Every Director shall at least once during every financial year undertake a comprehensive verification of all movable PPE controlled by or used by the department concerned.
- Every Director shall promptly and fully report in writing to the CFO, in the format determined by the CFO, all relevant results of such movable asset verification.
- Every Director shall at least once during every financial year undertake a comprehensive verification of all movable PPE controlled by or used by the department concerned.
- Every Director shall promptly and fully report in writing to the CFO, in the format determined by the CFO, all relevant results of such movable asset verification.
- Malicious damage, theft, and break-ins must be reported to the AO or delegated person within 48 hours of its occurrence or awareness by the respective Directors.
- The AO must report criminal activities to the South African Police Service.

12. POLICY FOR LIFE-CYCLE MANAGEMENT OF IMMOVABLE PPE ASSETS

(a) Definitions and rules

Service delivery

Immovable PPE assets (such as infrastructure and community facilities) are the means by which the municipality delivers a range of essential municipal services. Consequently the management of such assets is critical to meeting the strategic objectives of the municipality and in measuring its performance.

Asset management

The goal of asset management of immovable PPE is to meet a required level of service, in the most cost-effective manner, through the management of assets for present and future customers.

The core principles are:

- taking a life-cycle approach;
- developing cost-effective management strategies for the long-term;
- providing a defined level of service and monitoring performance;
- understanding and meeting the impact of growth through demand management and infrastructure investment;
- managing risks associated with asset failures;
- sustainable use of physical resources; and
- continuous improvement in the immovable PPE asset management practices.

(b) Policy statement

The municipality shall provide municipal services for which the municipality is responsible, at an appropriate level, and in a transparent, accountable and sustainable manner, in pursuit of legislative requirements and in support of its strategic objectives, according to the following core principles:

Effective governance

The municipality shall strive to apply effective governance systems to provide for consistent asset management and maintenance planning in adherence to and compliance with all applicable legislation to ensure that asset management is conducted properly, and municipal services are provided as expected.

To this end, the municipality shall:

- continue to adhere to all constitutional, safety, health, systems, financial and asset-related legislation;
- regularly review updates and amendments to the above legislation;
- review and update its current policies and by-laws to ensure compliance with the requirements of prevailing legislation; and
- effectively apply legislation for the benefit of the community.

Sustainable service delivery

The municipality shall strive to provide to its customers services that are technically, environmentally and financially sustainable.

To this end, the municipality shall:

- identify a suite of levels and standards of service that conform with statutory requirements and rules for their application based on long-term affordability to the municipality;
- identify technical and functional performance criteria and measures, and establish a commensurate monitoring and evaluation system;
- identify current and future demand for services, and demand management strategies;
- set time-based targets for service delivery that reflect the need to newly construct, upgrade, renew, and dispose infrastructure assets, where applicable in line with national targets;
- apply a risk management process to identify service delivery risks at asset level and appropriate responses;
- prepare and adopt a maintenance strategy and plan to support the achievement of the required performance;
- allocate budgets based on long-term financial forecasts that take cognisance of the full life-cycle needs of existing and future infrastructure assets and the risks to achieving the adopted performance targets;
- strive for alignment of the financial statements with the actual service delivery potential of the infrastructure assets; and
- implement its tariff and credit control and debt collection policies to sustain and protect the affordability of services by the community.

Social and economic development

The municipality shall strive to promote social and economic development in its municipal area by means of delivering municipal services in a manner that meet the needs of the various customer user-groups in the community.

To this end, the municipality shall:

- regularly review its understanding of customer needs and expectations through effective consultation processes covering all service areas;
- implement changes to services in response to changing customer needs and expectations where appropriate;
- foster the appropriate use of services through the provision of clear and appropriate information;
- ensure services are managed to deliver the agreed levels and standards; and
- create job opportunities and promote skills development in support of the national Expanded Public Work Program (EPWP).

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Custodianship

The municipality shall strive to be a responsible custodian and guardian of the community's assets for current and future generations.

To this end, the municipality shall:

- establish a spatial development framework that takes cognisance of the affordability to the municipality of various development scenarios;
- establish appropriate development control measures including community information;
- cultivate an attitude of responsible utilisation and maintenance of its assets, in partnership with the community;
- ensure that heritage resources are identified and protected; and
- ensure that a long-term view is taken into account in infrastructure asset management decisions.

Transparency

The municipality shall strive to manage its infrastructure assets in a manner that is transparent to all its customers, both now and in the future.

To this end, the municipality shall:

- develop and maintain a culture of regular consultation with the community with regard to its management of infrastructure in support of service delivery;
- clearly communicate its service delivery plan and actual performance through its Service Delivery and Budget Implementation Plan (SDBIP);
- avail immovable PPE asset management information on a ward basis; and
- continuously develop the skills of councillors and officials to effectively communicate with the community with regard to service levels and standards.

Cost-effectiveness and efficiency

The municipality shall strive to manage its infrastructure assets in an efficient and effective manner.

To this end, the municipality shall:

- assess life-cycle options for proposed new infrastructure in line with the Supply Chain Management Policy;
- regularly review the actual extent, nature, utilisation, criticality, performance and condition of infrastructure assets to optimise planning and implementation works;
- assess and implement the most appropriate maintenance of infrastructure assets to achieve the required network performance standards and to achieve the expected useful life of infrastructure assets;
- continue to secure and optimally utilise governmental grants in support of the provision of free basic services;
- implement new and upgrading construction projects to maximise the utilisation of budgeted funds;
- ensure the proper utilisation and maintenance of existing assets subject to availability of resources;
- establish and implement demand management plans;
- timeously renew infrastructure assets based on capacity, performance, risk exposure, and cost;
- timeously dispose of infrastructure assets that are no longer in use;
- review management and delivery capacity, and procure external support as necessary;
- establish documented processes, systems and data to support effective life-cycle infrastructure asset management;
- strive to establish a staff contingent with the required skills and capacity, and procure external support as necessary; and
- conduct regular and independent assessments to support continuous improvement of infrastructure asset management practice.

(c) Responsibilities

- Upon adoption of this policy by Council, the AO shall meet regularly with the CFO and Directors to take measures to effectively implement this policy, and to report to Council on progress made at a frequency indicated by Council.
- Directors shall develop, and update at regular intervals to be determined by the AO in consultation with the CFO and Directors, an Asset Management Plan (AMP) for each service involving immovable PPE that shall assess levels and standards of service, future demand, risk, determine a lifecycle plan for a minimum 10 year planning horizon, and identify management practice improvement needs (3 year horizon). The AMPs will be submitted through the AO to Council for adoption. AMPs shall be used to inform the preparation of a CMIP and budgets through the IDP process. The time frame for the first time implementation of this will be determined by the AO in consultation with the CFO and Directors.
- The CFO shall, in consultation with Directors, determine grading scales for the measurement of asset condition, performance, cost-of–operation, and utilisation for that are common and applicable to all services. Where necessary, the Directors shall interpret the grading scales for the immovable PPE assets under their control. HOD(SO)s shall determine the grading of all immovable PPE assets under their control at a level of accuracy considered appropriate to the municipality's resources, at intervals to be determined by the AO in consultation with the CFO and HOD(SO)s.
- Directors shall prepare, and review at regular intervals to be determined by the AO in consultation with the CFO and Directors, an Operations and Maintenance Strategy and Plan, and submit such, through the AO, to Council for adoption. The municipality shall engage contractors when necessary to support in the implementation of maintenance actions and adopt a system that assists in managing such maintenance. The time frame for the first time implementation of this will be determined by the AO in consultation with the CFO and Directors.
- Directors shall determine detailed service performance measures (differentiated, where applicable for identified customer groups), and submit such, through the AO, to Council for adoption and inclusion in the Services Delivery and Budget Implementation Plan. Directors shall establish a monitoring regime, and report actual performance each financial year. The time frame for the first time implementation of this will be determined by the AO in consultation with the CFO and Directors.
- The AO shall establish procedures to ensure that legislative requirements regarding the management of immovable PPE assets, including but not limited to health and safety, and environmental protection, are documented and advised to Directors. Directors shall address legislative needs in their strategies and plans, and shall enforce implementation.
- Review the municipality's Risk Management framework to ensure that it is effective for the management of physical risks to infrastructure and buildings. Important actions shall be identified and implemented. The Directors shall report risk exposure relating to their respective assets each financial year.

13. POLICY IMPLEMENTATION

Procedures should be prepared and adopted by the AO, in consultation with the CFO and HOD(SO)s, to give effect to this policy. This will be effective as from 01 July 2019

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ANNEXURE A: IMMOVABLE ASSET HIERARCHY

The following asset categories, sub-categories and groups shall be used at the highest level of the classification structure for immovable assets:

Table 1 - Asset categories, sub-categories and groups

CATEGORY	SUB-CATEGORY	GROUP
Emthanjeni municipality's hierarchy		

ANNEXURE B: MOVABLE ASSET HIERARCHY

The following asset categories, sub-categories and groups shall be used at the highest level of the classification structure for movable assets:

Table 2 - Asset categories, sub-categories and groups

CATEGORY	SUB-CATEGORY	GROUP
Emthanjeni municipality's hierarchy		

ANNEXURE C: EXPECTED USEFUL LIVES AND RESIDUAL VALUES OF IMMOVABLE ASSETS

ASSET TYPE	COMPONENT TYPE	EUL	Residual (%)
Emthanjeni municipality's component list indicating EUL and RV			

ANNEXURE D: EXPECTED USEFUL LIVES AND RESIDUAL VALUES OF MOVABLE ASSETS

Components	Description	EUL years	RV %
Emthanjeni municipality's component list indicating EUL and RV			

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EMTHANJENI MUNICIPALITY

FINAL AUGMENTATION POLICY

2019/2020 MTREF

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AUGMENTATION POLICY

1. BACKGROUND

1.1 The Emthanjeni Municipality ("the Municipality") is entitled in terms of the Constitution of the Republic of South Africa 2006 to implement rates and taxes.

1.2 In terms of section 4 of the Municipal Systems Act 32 of 2000, the Council of the Municipality has the right to finance the affairs of the Municipality by charging fees for services and imposing surcharges on property *inter alia* by levies on property.

1.3 The Municipality has evaluated and assessed the increase in demand on infrastructure and the quantity of its services which are supplied to new developments within its Mandate Area;

1.4 As a result of such demand and increase in services, the Municipality has decided to levy augmentation fees on new developments;

2. INTERPRETATION

2.1 In this Policy unless the context otherwise indicates:-

		Meaning:
2.1.1	Augmentation Fees	Augmentation fees are in the amounts calculated by virtue of the cost for the provision and/ or upgrading (present and future) of bulk infrastructure to accommodate new development and the cost thereof to the Council.
2.1.2	Closed or Private Development	Instances where the Council will only provide a bulk water and electricity meter and sewer connection to the land/ erf of the development and render bulk services. The Council will not take over, or maintain any internal services within a closed or private development.
2.1.3	Consulting Engineer	A Professional Engineer or Company registered with the Engineering Council of South Africa (ECSA), who assumes responsibility for the design and technical soundness of the infrastructure to be provided to developments.
2.1.4	Effective Date	Date of signature of the Service Agreement by both parties.
2.1.5	Financial Year of Municipality	01 July - 30 June

2.1.6	Mandate Area	Jurisdictional area of Emthanjeni Municipality as amended from time to time
2.1.7	Municipality	The Emthanjeni Municipality established in terms of the Municipal Structures Act 32 of 2000, as amended, exercising its legislative and executive authority through its municipal council; or Its successor in title; Any other structure with delegated power, in terms of section 59 of the Municipal Structures Act.
2.1.8	Multi-use property	A property where there is a combination of different categories of property on the same registered property.
2.1.9	Owner	The developer or person in whose name the property is registered; A Trustee – if property is owned by a Trust; A Lessee – if the property is owned by the Municipality and is leased to the Lessee; A Buyer – if the property has been sold by the Municipality, and the Buyer has been given possession of the property, pending registration of the property into the Buyer's name.
2.1.10	Policy	Means this Policy, all the annexures attached hereto and any future amendments
2.1.11	Property	Any development being a sectional title scheme, share block company, single residential, group housing, commercial property, small townships, minor developments or closed and private developments
2.1.12	Service Agreement	An agreement entered into between the Council and the owner/developer of the land/erf being developed, for the provision of services to the property and to regulate matters pertaining to the development.

3. **OBJECTIVES OF THE POLICY**

3.1 Implementation of measures by the Municipality to recover the costs incurred for the provision of Bulk Infrastructure and Services to new developments.

3.2 Alleviation of any extra financial burden by Private Developments/Township establishments on existing residents and consumers.

3.3 Fair treatment of all developers and new residents, by eliminating the subsidising of such new developments by existing residents.

3.4 Detail the criteria which the Municipality shall apply to levy additional augmentation fees for the provision of bulk infrastructure capacity to accommodate new developments.

4. APPLICATION OF THIS POLICY

4.1 This Policy shall be applicable to the following categories of property:-

4.1.1 Sectional title units;

4.1.2 Share block schemes;

4.1.3 Business, commercial and industrial properties;

4.1.4 Single residential units;

4.1.5 New township establishments;

4.1.6 Minor subdivisions and applications for an increased supply.

4.1.7 Closed or Private Developments.

a) Such a closed development will be fenced off and a Body Corporate/Home Owners Association will be established to maintain all internal services.

b) The Council will not take over, or maintain any internal services within a closed development.

5. CATERGORIES OF SERVICES

5.1 Bulk Services

All road, street, water, storm water, sewerage, solid waste sites and electricity infrastructure, whereto the internal services can be connected for the provision of such services to the development or new township.

5.1.1 Water

The provision of a bulk water infrastructure to a group of consumers or new developments. This includes reservoir storage, water pump stations and rising mains, main feeder lines and the identification, obtaining and development of water sources.

5.1.2 Electricity

The provision, maintenance and upgrading of main intake substations, switchgear, overhead or underground main feeder lines and transformers up to the border of such closed developments.

5.1.3 Sewerage

The provision of capacity, maintenance and upgrading of sewerage treatment plants, bulk gravity sewers, sewerage pump stations and rising mains.

5.1.4 Roads and Storm water

The provision, maintenance and upgrading of Access Main Roads to accommodate traffic impact by means of a traffic impact assessment (T.I.A) and the provision of adequate storm water infrastructure to accommodate and retain run-off and storm water drainage.

5.1.5 Refuse Removal/Solid Waste Site.

The provision, maintenance, upgrading and rehabilitation of refuse / waste landfill sites.

5.2 Internal Services

All water, roads, electricity and sewerage networks and associated installations and accessories including storm water drainage systems and road infrastructure within the boundaries of the Development/Township and connecting points for the particular services in/or near the boundaries of the Development/Township including any connections where such connection points are situated outside the boundaries of the Development/Township, boundary services as well as elements of a system which have, in consequence of topographical features or other reasons, to be located outside the boundaries of the township but which provide solely for the needs of the proposed Development/Township, which definition in particular shall include water reservoirs/towers and sewerage pumping stations and treatment works. The internal services for new Township Developments shall be provided by the Developer but shall become the property of the Municipality. For closed or Private Developments the internal services of the property shall be managed by the Home Owners Association or the Body Corporate of the property.

5.2.1 Services other than Bulk Services

5.2.1.1 Water

The provision, maintenance and upgrading of the water reticulation in the development to provide sufficient water pressure to all erven, including the provision of a connection point.

5.2.1.2 Electricity

The provision, maintenance and upgrading of the electrical reticulation, including transformers, cables and kiosks.

5.2.1.3 Roads and Storm water

The provision, maintenance and upgrading of roads, kerbing, street names, traffic signs, road markings and storm water drainage with inlet structures.

5.2.1.4 Refuse Removal

The provision of refuse removal services such as refuse compactors and municipal transportation of refuse collected.

6. CALCULATION AND PAYMENT OF AUGMENTATION FEES

6.1 Augmentation fees shall be charges as a once-off fee on all new Developments/Township establishments from the Effective Date.

6.2 Augmentation fees shall be levied in rands and shall be calculated according to the Municipality's cost structure for the provision and/or upgrading of bulk services to a development.

6.3 Where a developer has applied for development in phases, augmentation contribution fees shall be calculated on cost structures and in accordance with Council's Policy applicable when such deferred development phase commences. Where it is not practical to phase bulk infrastructure (eg. reservoir capacity etc), the full augmentation contribution shall be payable or provided as determined by Council or their representative.

6.4 If a property is utilised as a multiple-use property, then the augmentation rates will be apportioned accordingly.

6.5 In the event of the Augmentation Levy being calculated incorrectly due to the owner providing Council with false information, the owner will be liable to pay interest (*insert rate of interest*) on any outstanding amount due to Council.

7. THE FORMULA USED FOR THE CALCULATION OF THE ELECTRICAL AUGMENTATION CONTRIBUTION LEVY

7.1 The Augmentation Contribution Levy is a Developer or Consumer's contribution towards the present or future upgrading of the Primary Network (main substations on MV network) to cater for the notified load requirements.

7.2 In calculating the levy, the aim is to establish an equivalent average charge per Equivalent Residential Unit (ERU).

7.3 The average cost per ERU is determined by pricing a model of the Primary Network, which is as close as possible to the actual network, and then dividing it by the ERU's it can supply.

7.4 The total charge to the Development will be the calculated number of ERU's of the Development multiplied by the Charge/ERU.

7.5 An ERU is considered to be a Residential Consumer with a 45 Amp single phase supply at 230 Volts nominal.

7.6 The Factors/Formulae used to calculate the number of ERU's are contained in the following table:

EM	DESCRIPTION	NO OF ERU's
1.0	**Domestic Erf/Consumer: (30 to 60A)**	
1.1	New Developments:	1
1.2	BDMD = 45A (10,35kVA) single phase	Amps required ÷45
1.3	BDMD> or < 45A single phase but limit to 60A	3
1.4	BDMD = 45A three phase BDMD > or < 45A three phase but limit to 60A	Amps per phase required ÷ 45x3
1.5	Existing Consumer: Upgrade from tariff circuit breaker ≤ 60A single phase to ≤ 60A three phase	2
2.0	**Commercial Erf/Consumer: (30 to 100A)**	
2.1	New Developments:	1x 0,5 (Nf) = 0,5
2.2	BDMD = 45A single phase	Amps required ÷ 45 x 0,5 (Nf)
2.3	BDMD > or < 45A but limit to 60A	3x0,5 (Nf) =1,5
2.4	single phase BDMD = 45A three phase BDMD > or < 45A but limit to 100A	Amps/phase required ÷45x3x0,5 (Nf)
2.5	three phase Existing Consumers:	[Amps per phase required ÷ 45x3x0,5 (Nf)]-0,5
2.6		

3.0	Upgrade from tariff circuit breaker ≤ 60A single phase to ≥ 30A but ≤ 100A three phase Upgrade from tariff circuit breaker ≥ 30 A three phase to ≤ 100 A three phase	[Amp per phase required ÷ 45x3x0,5 (Nf) - [Present amps ÷45x3x0,5 (NF)]
3.1		(Notified Demand in kVA x Nf)÷(10,35 X Df)
3.2	**Bulk Supply Erf/ Consumers (> 60kVA)** New Developments: Existing Consumers: Increase Notified Demand	[(New Notified Demand in KVA – Notified Demand in Agreement) x Nf] ÷ (10,35xDf)

BDMD - Before Diversity Maximum Demand (usually at supply meter)

ADMD -After Diversity Maximum Demand (BDMD xDf)

45 -ERU amps (10,35KVA)

3 -No of Phases

0,5 - Average Network Factor for commercial consumers

Nf The symbol “Nf” signifies the Network Factor and is used in the formulae for Commercial and Bulk Supply consumers where such consumers peak demand do and may not coincide with peak demand on the core network.

For Commercial consumers this was taken as an average of 0.5. No value is given for the Network Factor (Nf) for Bulk Supply Consumers, where such consumers do coincide with peak demand, as substantial variations occur in this category, depending on the type of load required. The limits will, however, be between 0,5 for say a commercial/industrial type of development with 50% of its peak load coinciding with the core network peak, and 1 (one) for say a domestic development where 100% of its peak load coincides with the core network’s peak. The value for a particular development can, however, be anywhere between these limits and will be determined by the Head of the Electrical Department or his appointed Consulting Engineer.

Df Diversity Factor between BDMD and ADMD determined by Head of the Electrical Department or his appointed Consulting Engineer. The Df

depends on the quantity and type of individual loads connected to the Bulk Supply Point. The following Df's are given as a guide:

For Domestic Developments

- ≤ 60 kVA Notified Demand = 1Df
- >60 kVA Notified Demand but ≤ 80 kVA=0,75Df
- >80 kVA Notified Demand but ≤ 100kVA = 0,58 Df
- >100 kVA Notified Demand but ≤ 200 kVA=0,38 Df
- >200 kVA Notified Demand = 0,3 Df

For Commercial Developments

Use same Df's as Domestic but for "Notified Demand" In formula use Demand after taking Nf into account, i.e. Actual Notified Demand x Nf. For most commercial developments this will be Actual Notified Demand x 0,5

7.7 The Charge/ERU is contained in the Schedule of Electricity Tariffs published annually by the Municipality for each financial year starting

1 July and ending 30 June.

8. THE FORMULAE USED FOR THE CALCULATION OF THE CIVIL AND SOLID WASTE AUGMENTATION CONTRIBUTION LEVY.

8.1 In calculation the augmentation contribution levy, the aim is to establish the number of Equivalent Erf (ee) per development.

8.2 The augmentation contribution levy per Equivalent Erf (ee) is based on the assumed demand of an average sized residential site using 1000 lt of water per day.

8.3 All usage types in a development will therefore be converted to Equivalent Erven (ee) using the water demand/requirement for each type of usage within a development.

8.4 The "Guidelines for Human Settlement, Planning and Design" and generally referred to as, " The Red Book" as amended; will be used to determine the water demand/usage for each type of development.

8.5 The total augmentation contribution levy to the Development will be the calculated using the number of Equivalent Erven (ee's) for the entire

development multiplied by the augmentation levy charge per service per Equivalent Erf.

9. CONNECTION COST AND OTHER RELATED COSTS

9.1 The connection cost and deposits for services is the actual cost calculated by the Municipal Engineer with the tariff of calculation as stipulated in the annual budget document. This cost is a separate once-off connection cost to be paid by the owner only, which includes metering apparatus and a deposit over and above the augmentation levy.

9.2 The owner shall also be liable for a once-off administrative fee which shall cover the following costs:-

9.2.1 Legal fees;
9.2.2 Advertisement fees;
9.2.3 Service Level Agreement;
9.2.4 Disbursements

10. APPROVALS / DOCUMENTATION REQUIREMENTS TO ENTER INTO THE SERVICE AGREEMENT

Before embarking on construction, the Owner is required to enter into a Services Agreement with the Municipality and the following documentation is required prior to concluding the agreement.

These documents will form part of the service agreement (as annexures):

- Approval from Department of Agriculture in terms of Act 70 Of 1970 (where applicable);
- Environment Assessment Report (EIA) / Scoping report;
- Approval from Department Environmental Affairs (record of decision);
- Traffic Impact Assessment Report;
- Approval from Provincial Roads Department;
- Approval from Council / Council Resolution (rezoning, sub-division);
- Developers details and whether development to take place in phases;
- Engineering Feasibility report;
- Engineering drawings and detailed design report of all services (civil and electrical);
- Layout plan indicating the stormwater flood lines in respect of new township establishments in terms of Water Act (Act 54 of 1956) and National Water Act (Act 36 of 1998);
- Letter of appointment for consulting engineers or any other professional person involved with the development;

- Site development plan as approved by Council. A plan will only be approved if the Service Level Agreement has been signed and the Augmentation Levy has been paid;
- Layout map indicating zoning scheme with approved erf numbers and street names;
- Heritage Council's approval where applicable;
- Constitution of Body Corporate / Home Owners Association.

11. CLEARANCE CERTIFICATE

11.1 The Developer will only be furnished with a clearance certificate for transfer of the property, upon proof of payment of all Augmentation Fees to the Council's Engineer and Finance Department.

11.2 No erf shall be transferred until the Developer has paid all Augmentation Contributions and fully complied with all the conditions of the service level agreement.

11.3 The Municipality may give the necessary rates clearance required to pass transfer of individual erven to purchasers prior to completion of the services, in phased developments of new township establishments only; on condition the Developer provides the Municipality with a bank guarantee acceptable to the Municipality to cover the installation of such incomplete services.

12. DISPOSAL OF PROPERTY

In the event of the owner disposing of the property, it shall be the responsibility of the owner to inform the Municipality in writing of such change in ownership, failing which the owner will still be held liable for payment of the Augmentation Levy Fees.

13. EXPECTIONS

13.1 Provision of Infrastructure by the owner

The Municipality's Council Engineer may request an owner/developer to provide bulk infrastructure, in accordance with the Municipality's requirements; in *lieu* of payment of Augmentation Contribution fees of a particular service, subject to such an arrangements being agreed to in writing and included in the Services Agreement.

In the case of Augmentation Contributions made through contributed bulk infrastructure, ownership will transfer to the Municipality only once the new infrastructure has been completed and commissioned and all the required inspections, testing and certificates have been completed and issued to the requirements of the Municipality.

The owner must ensure that the appointment letter of its Consulting Engineers make provision for professional indemnity in a situation where a defect/breakage is experienced.

13.2 Provision of Bulk Services as per Infrastructure Master Plan

The Council may also buy into or share cost of the new bulk infrastructure as per the Master Plan, subject to its financial ability to do so.

If the other developers cannot share the cost at that moment in time, those developers will then pay the full Augmentation Levy applicable to that specific bulk service for the applicable financial year in which their development works get under way.

13.3 New township establishments that are Government funded initiatives will be excluded from this Policy, as the provision for bulk infrastructure is usually funded through / funded with Government Grants, where applicable. However, such projects cannot commence before the Council Engineer has certified the availability of sufficient bulk infrastructure.

14. AUGMENTATION TARIFF APPLICABLE

14.1 Contributions which are payable to the Municipality are subject to annual adjustments by the Municipality and the adjusted rates will apply from the implementation date as decided by the Municipality.

14.2 Contributions are subject to VAT and are further subject to the provisions and rates contained in the Value Added Tax Act, 1991 (Act No 89 of 1991) as amended.

14.3 The Augmentation Tariff for all bulk services will be applicable for the financial year in which the services agreement is signed.

14.4 In the event of a development having different development phases over multiple financial years, the calculation of the Augmentation Fees payable will be escalated with CPIX for each year.

14.5 On concluding of a Service Level Agreement, Augmentation Fees will be valid until 30 June (End of Council's Financial Year) of the year in which the agreement was signed, and are thereafter subject to an annual escalation in accordance with the CPIX (as supplied by STATS SA on 30 of June each year).

15. DEVELOPMENT OUTSIDE SPACIAL DEVELOPMENT FRAMEWORK/RURAL AREAS

In such an event, the Council is not obliged to render services. Such developments must provide their own services and pay augmentation fees to Council only in respect of those Municipal services they intend to utilise.

(For example: licensed solid waste site and the waste water treatment plants).

16. DENSIFICATION OF ERVEN AND DEVELOPMENT

16.1 No differentiation will be made between the densification of developments such as flats and group housing, or single residential erven where established erven are consolidated and again subdivided to suite the above scenario of development. The full Augmentation Fees, equivalent to a single erf, are applicable irrespective of the size of flats and group housing on each of the units so to be developed.

16.2 If the Municipality has to incur an extra expense due to the owner requiring extra capacity for the property, then the owner will be liable for a payment of maintenance fees as a result of the Municipality having to keep such extra capacity.

16.3 The development of the piece of land for which such extra capacity is being held, shall be completed within a reasonable amount of time, as determined by the Municipality.

17. REVIEW PROCESS

The Augmentation Policy will be reviewed on an annual basis to ensure that it complies with the strategic objectives of the Municipality, as stipulated in the Integrated Development Plan and other applicable legislation.

18. IMPLEMENTATION

This policy came into effect from 01 July 2015 but **this revised version of the Augmentation policy will comes into effect on 1 July 2019.**

EMTHANJENI MUNICIPALITY

BUDGET IMPLEMENTATION AND MONITORING POLICY

FINAL BUDGET 2019/2020 MTREF

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ABBREVIATIONS

NC073	*Emthanjeni Municipality*
AO	Accounting Officer
ASB	Accounting Standards Board
CFO	Chief Financial Officer
HOD	Directors/Head of Department
IDP	Integrated Development Plan
MBRR	Municipal Budget and Reporting Regulations, 2008
MFMA	Municipal Finance Management Act
MTREF	Medium Term Revenue and Expenditure Framework
SCM	Supply Chain Management
VAT	Value Added Tax

1 PURPOSE OF THIS DOCUMENT

1.1 The objective of the budget policy is to set out:

(a) The principles which the municipality will follow in preparing each medium term revenue and expenditure framework budget (MTREF);

(b) The responsibilities of the mayor, the accounting officer, the chief financial officer and other senior managers in compiling the budget;

(c) To control and inform the basis, format and information included in the Budget documentation; and

(d) To establish and maintain procedures to ensure adherence to the Municipality's IDP review and budget processes.

DEFINITIONS

In this Budget Implementation Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003), has the meaning so assigned, and:

"Accounting Officer"- means the Municipal Manager;

"Allocation", means-

- a municipality's share of the local government's equitable share referred to in section 214(l) (a) of the Constitution;

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- an allocation of money to a municipality in terms of section 214(1) (c) of the Constitution;
- an allocation of money to a municipality in terms of a provincial budget; or
- any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction;

"Annual Division of Revenue Act" means the Act of Parliament, which must be enacted annually in terms of section 214 (1) of the Constitution;

"Approved budget," means an annual budget-
- approved by a municipal council, or
- includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA;

"Basic Municipal Service" means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;
- "Budget-related Policy" means a policy of a municipality affecting or affected by the annual budget of the municipality, including-
- the tariffs policy, which the municipality must adopt in terms of section 74 of the Municipal Systems Act;
- the rates policy which the municipality must adopt in terms of legislation regulating municipal property rates; or
- the credit control and debt collection policy, which the municipality must adopt in terms of section 96 of the Municipal Systems Act;

"Budget transfer" means transfer of funding within a function / vote.

"Budget Year" means the financial year of the municipality for which an annual budget is to be approved in terms of section 16(1) of the MFMA;

"chief financial officer" means a person designated in terms of section 80(2) (a) of the MFMA;

"councillor" means a member of a municipal council;

"creditor", means a person to whom money is owed by the municipality;

"current year" means the financial year, which has already commenced, but not yet ended;

"delegation", in relation to a duty, includes an instruction or request to perform or to assist in performing the duty;
"financial recovery plan" means a plan prepared in terms of section 141 of the MFMA;

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"**financial statements**", means statements consisting of at least-

- a statement of financial position;
- a statement of financial performance;
- a cash-flow statement;
- any other statements that may be prescribed; and
- any notes to these statements;

"financial year" means a twelve months period commencing on 1 July and ending on 30 June each year;

"financing agreement" includes any loan agreement, lease, and instalment purchase contract or hire purchase arrangement under which a municipality undertakes to repay a long-term debt over a period of time;

"fruitless and wasteful expenditure" means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

"irregular expenditure", means-

- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the MFMA Act, and which has not been condoned in terms of section 170 of the MFMA;
- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure";

"investment", in relation to funds of a municipality, means-

- the placing on deposit of funds of a municipality with a financial institution; or
- the acquisition of assets with funds of a municipality not immediately required, with the primary aim of preserving those funds;

"lender", means a person who provides debt finance to a municipality;

"**local community**" has the meaning assigned to it in section 1 of the Municipal Systems Act;

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"long-term debt" means debt repayable over a period exceeding one year;

"Municipal Structures Act" means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);

"Municipal Systems Act" means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

"mayor" means the councillor elected as the mayor of the municipality in terms of section 55 of the Municipal Structures Act;

"municipal council" or "council" means the council of a municipality referred to in section 18 of the Municipal Structures Act;

"municipal debt instrument" means any note, bond, debenture or other evidence of indebtedness issued by a municipality, including dematerialised or electronic evidence of indebtedness intended to be used in trade;

"municipal entity" has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

"municipality"-

- when referred to as a corporate body, means a municipality as described in section 2 of the Municipal Systems Act; or
- when referred to as a geographic area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

"accounting officer" means a person appointed in terms of section 82(l) (a) or (b) of the Municipal Structures Act;

"municipal service" has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

"municipal tariff" means a tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff;

"municipal tax" means property rates or other taxes, levies or duties that a municipality may impose;

"National Treasury" means the National Treasury established by section 5 of the Public Finance Management Act;

"official", means-

- an employee of a municipality or municipal entity;
- a person seconded to a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or

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- a person contracted by a municipality or municipal entity to work as a member of the staff of the municipality or municipal entity otherwise than as an employee;

"overspending"-

- means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be;
- in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or
- in relation to expenditure under section 26 of the MFMA, means causing expenditure under that section to exceed the limits allowed in subsection (5) of this section;

"past financial year" means the financial year preceding the current year;

"quarter" means any of the following periods in a financial year:

- 1 July to 30 September;
- 1 October to 31 December;
- 1 January to 31 March; or
- 1 April to 30 June;

"service delivery and budget implementation plan" means a detailed plan approved by the mayor of a municipality in terms of section 53(l)(c)(ii) of the MFMA for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate-

- projections for each month of-
- revenue to be collected, by source; and
- operational and capital expenditure, by vote;
- service delivery targets and performance indicators for each quarter; and
- any other matters that may be prescribed, and includes any revisions of such plan by the mayor in terms of section 54(l) (c) of the MFMA.

"short-term debt" means debt repayable over a period not exceeding one year;

"standards of generally recognised accounting practice," means an accounting practice complying with standards applicable to municipalities or municipal entities as determined by the Accounting Standards Board;

"unauthorised expenditure", means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the MFMA, and includes-

- overspending of the total amount appropriated in the municipality's approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;

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- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation referred to in paragraph (ii), (iii) or (iv) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- a grant by the municipality otherwise than in accordance with the MFMA; "virement" means transfer of funds between functions / votes.

"vote" means-

- one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

In this document unless the context otherwise indicates, words and expressions denoting the singular shall include the plural and vice versa, words and expressions denoting the male sex shall include the female sex and vice versa and reference to a natural person shall include a legal person and vice versa.

2 BUDGETING PRINCIPLES

The municipality shall ensure that revenue projections in the budget are realistic taking into account actual collection levels.

The municipality shall ensure that the budget reflects the net depreciation amount (gross depreciation less backlog depreciation) due to the increase of measurement of PPE.

Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each vote in the approved budget. Vote accessibility of supply chain management systems for small businesses must be taken into account.

Municipality shall prepare a multi-year budget (three year) - medium term revenue and expenditure framework (MTREF)) and that be reviewed annually and approved by Council.

3 BUDGETING PROCESS

3.1 Planning for the preparation of the budget

3.1.1 The Accounting Officer with the assistance of the Chief Financial Officer and the Manager responsible for IDP shall
Final the IDP process plan as well as the budget timetable for the municipality including municipal entities for the ensuing financial year.

3.1.2 The mayor shall table the IDP process plan as well as the budget timetable to Council by 31 August each year for

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approval (10 months before the start of the next budget year).

3.1.3 IDP process plan as well as the budget timetable shall indicate the key deadlines for the review of the IDP as well as the preparation of the medium term revenue and expenditure framework (MTREF) budget and the revision of the annual budget. Such target dates shall follow the prescriptions of the Municipal Finance Management Act as well as the guidelines set by National Treasury.

3.1.4 The mayor shall convene a strategic workshop in September/October with the senior managers in order to determine the IDP priorities which will form the basis for the preparation of the MTREF budget taking into account the financial and political pressures facing the municipality. The mayor shall table the IDP priorities with the Final budget to Council.

3.1.5 The Mayor shall table the Final IDP and MTREF budget to council by 31 March (90 days before the start of the new budget year) together with the Final resolutions and budget related policies (policies on tariff setting, credit control, debt collection, indigents, investment and cash management, borrowings, etc.).

3.1.6 The Chief Financial Officer and senior managers undertake the technical preparation of the budget including:-

3.1.6.1 Review past performance;

3.1.6.2 Prepare initial preview assumptions;

3.1.6.3 Analyse past revenue trends and develop initial projections;

3.1.7 Prepare the IDP and make necessary revisions;

Prepare initial budget scenarios:-

(a) The budget must be in the prescribed format, and must be divided into capital and operating budget.

(b) The budget must reflect the realistically expected revenues and expenditure by major source for the budget year concerned; and

(c) Estimated revenue and expenditure by vote for the budget year; and

The budget must also contain the information related to the two financial years following the financial year to which the budget relates, as well as the actual revenues and expenses for the prior year, and the estimated revenues and expenses for the current year.

Annexure A provides an outline of the budget activities, timeframes and responsibilities.

3.2 Public participation process

3.2.1 During the consultation process administration should consult with political executive; and

3.2.2 Immediately after the Final annual budget has been tabled, the municipality must convene hearings on the Final budget in April and invite the public and stakeholder organisations, to make representation at the council hearings and to submit comments in response to the Final budget.

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3.3 Approval of the budget

3.3.1 Council shall consider the next medium term expenditure framework budget for approval not later than 31 May (30 days before the start of the budget year);
3.3.2 The council resolution, must contain budget policies and performance measures be adopted; and
3.3.3 Should the municipality fail to approve the budget before the start of the budget year, the mayor must inform the MEC for Finance that the budget has not been approved.

3.4 Publication of the budget

3.4.1 Within 14 days after the Final annual budget has been tabled, the Director of Corporate Services must post the budget and other budget-related documentation onto the municipal website so that it is accessible to the public as well as send hard copies to National and Provincial Treasury; and
3.4.2 The Chief Financial Officer must within 14 days submit the approved budget in both printed and electronic formats to the National Treasury, the Provincial Treasury as well as post it on the municipal website.

4 CONTENTS OF THE BUDGET

The budget consist of the following key elements:

4.1 Mayor's Report

4.2 Council Resolutions

4.3 The Council approves and adopts: -

4.3.1 Budget set out in various tables;
4.3.2 by standard classification;
4.3.3 by municipal vote;
4.3.4 by source and expenditure by type;
4.3.5 Policies; and
4.3.6 Tariffs.

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4.4 Executive Summary

4.4.1 Operating Revenue Framework

4.4.1.1 Property Rates ;
4.4.1.2 Sale of Water and Impact of Tariff Increases;
4.4.1.3 Sale of Electricity and Impact of Tariff Increases;
4.4.1.4 Sanitation and Impact of Tariff Increases;
4.4.1.5 Waste Removal and Impact of Tariff Increases; and
4.4.1.6 Overall impact of tariff increases on households.

4.4.2 Operating Expenditure Framework

4.4.2.1 Main operational expenditure categories;
4.4.2.2 Priority areas i.e. repairs and maintenance; and
4.4.2.3 Free Basic Services: Basic Social Services Package.

4.4.3 Capital expenditure

4.4.3.1 Focus area
4.4.3.2 Highlighted projects where major investment in Capex is made
4.4.3.3 Future operational cost of new infrastructure

4.5 Supporting Documentation

4.5.1 Budget Process Overview

4.5.1.1 IDP and Service Delivery and Budget Implementation Plan
4.5.1.2 Financial Modelling and Key Planning Drivers
4.5.1.3 Community Consultation
4.5.1.4 Overview of alignment of annual budget with IDP
4.5.2 Measurable performance objectives and indicators

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4.5.3 Overview of budget related-policies

4.5.4 Monthly revenue cash flow projections by month

4.5.5 IDP amendments

4.5.6 Amendments to Budget related policies

4.5.7 Details of investments

4.5.8 Municipal entities – new and existing

4.5.9 Proposed service delivery agreements

4.5.10 Grants to external bodies

4.5.11 Contracts having future budgetary implications

4.5.12 Capital expenditure details

4.5.13 Legislation compliance status

4.5.14 Salary, allowances and benefits of:

4.5.14.1 Councillors
4.5.14.2 MM, CFO, Director and Managers

4.5.15 Overview of budget assumptions

4.5.15.1 External factors
4.5.15.2 General inflation outlook and its impact on the municipal activities

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4.5.15.3 Credit rating outlook
4.5.15.4 Interest rates for borrowing and investment of funds
4.5.15.5 Collection rate for revenue services
4.5.15.6 Growth or decline in tax base of the municipality
4.5.15.7 Salary increases
4.5.15.8 Impact of national, provincial and local policies
4.5.15.9 Ability of the municipality to spend and deliver on the programmes; and

4.5.16 Municipal manager's quality certificate

5 OPERATING BUDGET

5.1 The municipality shall budget in each annual and adjustments budget for the contribution to:

5.1.1 provision for accrued leave entitlements equal to between 10 - 20% of the accrued leave
5.1.2 entitlement of officials as at 30 June of each financial year,
5.1.3 provision for bad debts in accordance with its rates and tariffs policies
5.1.4 provision for the obsolescence and deterioration of stock in accordance with its stores management policy
5.1.5 Depreciation and finance charges shall be charged to or apportioned only between the departments or votes to which the projects relate.
5.1.6 A sufficient proportion of the operating budget component of each annual and adjustments budget shall be set aside for maintenance in accordance with the asset maintenance plans of the Municipalities.

5.2 When considering the Final annual budget, council shall consider the impact, which the proposed increases in rates and service tariffs will have on the monthly municipal accounts of households.

5.3 The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts.

5.4 The operating budget shall reflect the impact of the capital component on:

5.4.1 depreciation charges
5.4.2 repairs and maintenance expenses

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5.4.3 interest payable on external borrowings
5.4.4 other operating expenses.

5.5 The chief financial officer shall ensure that the cost of indigency relief is separately reflected in the appropriate votes.

6. CAPITAL BUDGET

6.1 Expenditure of a project shall be included in the capital budget if it meets the asset definition and has a useful life in excess of one year.

6.2 A municipality may spend money on a capital project only if the money for the project has been appropriated in the capital budget.

6.3 The envisaged sources of funding for the capital budget must be properly considered and the Council must be satisfied that this funding is available and has not been committed for other purposes.

6.4 Before approving a capital project, the Council must consider:

6.4.1 the projected cost of the project over all the ensuing financial years until the project becomes operational,
6.4.2 future operational costs and any revenues, which may arise in respect of such project, including the likely future impact on operating budget (i.e. on property rates and service tariffs).
6.4.3 the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans,
6.4.4 depreciation of fixed assets,
6.4.5 maintenance of fixed assets, and
6.4.6 any other ordinary operational expenses associated with any item on such capital budget.

6.5 Council shall approve the annual or adjustment capital budget only if it has been properly balanced and fully funded.

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7 FUNDING OF THE BUDGET

7.1 Operational Budget

The operational budget can only be funded from –

7.1.1 Realistically expected revenues.

7.1.1.1 Based on collection levels to date

7.1.1.2 Actual revenue collected in previous financial years

7.1.2 Uncommitted accumulated surpluses to the extent that the surpluses are cash backed.

7.2 Capital Budget

7.2.1 Revenue or Surplus

7.2.1.1 If any project is to be financed from revenue this financing must be included in the cash budget to raise sufficient cash for the expenditure.

7.2.1.2 If the project is to be financed from surplus there must be sufficient cash available at time of execution of the project.

7.2.2 External loans

7.2.2.1 External loans can be raised only if it is linked to the financing of an asset;

7.2.2.2 A capital project to be financed from an external loan can only be included in the budget if the loan has been secured or if can be reasonably assumed as being secured;

7.2.2.3 The loan redemption period should not exceed the estimated life expectancy of the asset. If this happens the interest payable on the excess redemption period shall be declared as fruitless expenditure;

7.2.2.4 Interest payable on external loans shall be included as a cost in the revenue budget;

7.2.2.5 Finance charges relating to such loans shall be charged to or apportioned only between the departments or votes to which the projects relate.

7.2.3 Capital Replacement Reserve (CRR)

7.2.3.1 Council may establish a CRR for the purpose of financing capital projects and the acquisition of assets. Such reserve shall be established from the following sources of revenue:

- unappropriated cash-backed surpluses to the extent that such surpluses are not required for operational purposes;

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- interest on the investments of the CRR, appropriated in terms of the investments policy;
- additional amounts appropriated as contributions in each annual or adjustments budget; and
- Sale of land and profit or loss on the sale of assets.

7.2.3.2 Before any asset can be financed from the CRR the financing may be available within the reserve and available as cash as this fund must be cash backed;

7.2.3.3 If there is insufficient cash available to fund the CRR this reserve fund must then be adjusted to equal the available cash;

7.2.3.4 Transfers to the CRR may be budgeted for in the cash budget;

7.2.4 Grant Funding

7.2.4.1 Non capital expenditure funded from grants

- must be budgeted for as part of the revenue budget;
- Expenditure must be reimbursed from the funding creditor and transferred to the operating and must be budgeted for as such.

7.2.4.2 Capital expenditure must be budgeted for in the capital budget;

7.2.4.3 Interest earned on investments of Conditional Grant Funding shall be capitalised if the conditions state that interest should accumulate in the fund. If there is no condition stated the interest can then be allocated directly to the revenue accounts.

7.2.4.4 Grant funding does not need to be cash backed but cash should be secured before spending can take place.

7.3 Unspent Funds / Roll over of Budget

7.3.1 The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, but except for funds relating to capital expenditure.

7.3.2 Only unspent grant (if the conditions for such grant funding allows that) or loan funded capital budget may be rolled over to the next budget year.

7.3.3 Conditions of the grant fund shall be taken into account in applying for such roll over of funds.

7.3.4 In order to apply for a rollover of unspent conditional grants the following must be submitted to National Treasury:

7.3.4.1 Municipalities must submit their June conditional grant expenditure reports according to section 71 of MFMA reflecting all accrued expenditure on conditional grants;

7.3.4.2 Submit the pre-audited AFS indicating the portion of each national conditional allocation it received which remained unspent as at 30 June;

7.3.4.3 Formal letter addressed to the National Treasury requesting the rollover of unspent conditional grants in terms of section 21(2) of the of DoRA

7.3.4.4 Motivation of Commitment:

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a. Evidence that work on each of the projects has commenced, namely either of the following:
   - Proof that the project tender was published and the period for tender submissions closed before 30 June; or
   - Proof that a contract for delivery of the project was signed before 30 June.

b. A progress report on the state of implementation of each of the projects;

c. The amount of funds committed to each project, and the conditional allocation from which the funds come;

d. An indication of the time-period within which the funds are to be spent; and

e. Proof that the Chief Financial Officer is permanently appointed.
   - National Treasury to confirm in writing approval or not;
   - The municipality must return the remaining unspent conditional grant funds National Revenue Fund;
   - Non return will result in the offset against the municipality's November equitable share allocation

7.3.5 Adjustments to the rolled over budget shall be done during the 1st Adjustments budget in the new financial year after taking into account expenditure up to the end of the previous financial year.

7.3.6 No unspent operating budget shall be rolled over to the next budget year

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8 VIREMENTS

Virements represents a flexible mechanism to affect budgetary amendments within a municipal financial year, and is the major mechanism to align and take corrective (financial / budgetary) action within a Directorate (Vote) or functional area during a financial year.

8.1 Virement procedure requirements and restrictions

8.1.1 In order for a "vote" to transfer funds from one cost element, operating or capital project to another cost element, operating or capital project, a saving has to be identified within the monetary limitations of an identified cost element, operating or capital project allocations on the respective budgets.

8.1.2 Sufficient, budgetary provision should be available within the "giving" vote's cost element or capital project concerned to give effect to the budgetary transfer (virement). In addition, the transferring function must clearly indicate to which cost element operating, or capital project the budget provision will be transferred to and provide a clear motivation for the transfer.

8.1.3 Any budgetary amendment of which the net impact will be a change to the total approved annual budget allocation and any other amendments not covered in this policy are to be considered for budgetary adoption via an Adjustments Budget (per MFMA Section 28).

8.1.4 In terms of Section 17 of the MFMA a Municipality's budget is divided into an operating and capital budget and consequently no virements are permitted between Operating and Capital Budgets other than through an Adjustments Budget.

8.1.5 Virements are not permissible across, or between, votes without recommendation of the Directors and the Chief Financial Officer, support of the Municipal Manager and approval of Council.

8.1.6 Virements between Trading- and Rate-funded functions are not allowed, due to the differing impacts on respective tariff- or Rates-borne services' budgets, unless adopted via an Adjustments Budget (MFMA Section 28).

8.1.7 A virement may not create new policy, significantly vary current policy, or alter the approved outcomes / outputs as approved in the IDP for the current or subsequent years (MFMA Sections 19 and 21).

8.1.8 Virements resulting in adjustments to the approved SDBIP need to be submitted with an Adjustments Budget to the Council with revised targets and indicators for approval. (MFMA Circular 13).

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8.1.9 No virement may be made to cover/ allow for unauthorised, irregular or fruitless and wasteful expenditure (MFMA Section 32).

8.1.10 The virement that relates to an unfunded vacant position is subject to the approval of the Accounting Officer. The budget for such position may only be transferred from Employee related cost, if approved by the Municipal Manager.

8.1.11 No transfers are permitted within the first three months or the final month of the financial year without the support of Chief Financial Officer and approval by the Municipal Manager.

8.1.12 All virements should be approved in line with the Council's System of delegations.

8.1.13 All transfers within votes (directorates) or functional area must be reported by the Chief Financial Officer to the Municipal Manager on a monthly basis.

8.2 Operating Budget Virements

8.2.1 No virements are permitted between expenditure categories without the support of Chief Financial Officer and approval by the Municipal Manager.

8.2.2 Salaries, Wages and Allowances Category

8.2.2.1 Virements are allowed between cost elements only if these virements are within this expenditure category.

8.2.2.2 Virements in this expenditure category are subject to the approval of the Chief Financial Officer.

8.2.3 Remuneration of Councillors

8.2.3.1 Virements in this expenditure category are allowed only if these virements are within this category.

8.2.3.2 Virements in this expenditure category are subject to the approval of the Chief Financial Officer.

8.2.4 General Expenditure and Repairs and Maintenance (Primary)

8.2.4.1 Virements to and from cost elements within each category are allowed.

8.2.4.2 Virements are allowed from General Expenditure to Repairs and Maintenance.

8.2.4.3 The following cost elements categories are not to be used as sources of virements, but virements are allowed within each category:

8.2.4.4 Training related expenditure.

8.2.4.5 Bargaining Council provisions and skills development levies.

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8.2.4.6 Insurance related provisions.

8.2.4.7 Pensioner and Continued Members.

8.2.4.8 Repairs and Maintenance.

8.2.5 Contracted Services and Collection Costs

Virements to and from these elements are allowed.

8.3 Operating Projects And Capital Budget Virement

8.3.1 All virements to capital projects will only be considered for budgetary adoption via an Adjustments Budget (per MFMA Section 28).

8.3.2 only virements between existing projects approved by Council and within the same Directorate will be permitted subject to approval by the Municipal Manager.

8.3.3 Virements will only be considered if recommended by a director responsible for the vote or functional area and supported by the Chief Financial Officer.

8.3.4 Motivations for virements between projects should clearly state the reason for the saving within the "giving" project, as well as the reason for the additional amount required.

8.3.5 No virements, of which the affect will be to add "new" projects onto the Capital Budget, will be allowed.

8.3.6 Virements may not cause an increase to the individual projects' total project cost.

8.3.7 Virements in capital budget allocations are only permitted within specified action plans and not across funding sources and must in addition have comparable asset lifespan classifications.

8.3.8 Implementation of the project may not be prejudiced due to the virement of funds (i.e. must not hinder completion of the project).

8.3.9 Virements will only be considered upon submission of revised business plans for both the "giving" and the "receiving" operating and capital project.

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9 ADJUSTMENT BUDGET

The MFMA 28(2) recognises that there will be instances where unforeseen and unavoidable expenditure is required, as well as other circumstances which could necessitate the submission of an Adjustments Budget:

It is compulsory to prepare an adjustments budget:-

9.1 when there is an under collection of revenue

9.2 when a downwards adjustment of revenue and expenditure is required

The MFMA also recognises that a voluntary adjustment budget can be prepared as a result of the following:-

9.3 Over-collection of revenue – to support existing budgeted programmes (MFMA 28(2) (b) to be submitted after midyear performance assessment and before 28 February.

9.4 Unforeseen and unavoidable expenditure recommended by the Mayor (will be a prescribed framework) (MFMA 28(2) (c) must be reported to Council at its next meeting and be included in adjustments budget within 60 days of expenditure being incurred.

9.5 Virements – utilise savings in one vote (MFMA 28(2) (d) to be submitted after midyear performance assessment and before 28 February.

9.6 Under spending in prior financial year - if unforeseen (MFMA 28(2) (e) should be completed after year end but before 25 August.

9.7 Correct errors (MFMA 28(2) (f) to be submitted after midyear performance assessment and before 28 February.

9.8 To ratify unauthorised expenditure and any other expenditure within a prescribed framework in terms of Unauthorised Expenditure the Municipality may submit a Special Adjustments Budget when submitting the Annual Report for consideration.

9.9 When an adjustments budget is tabled, it must be accompanied by—

9.9.1.1 an explanation how the adjustments budget affects the annual budget;

9.9.1.2 a motivation of any material changes to the annual budget;

9.9.1.3 an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and

9.9.1.4 any other supporting documentation that may be prescribed.

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9.10 The Municipality may not change tax and tariffs unless in terms of a financial recovery plan.

9.11 Formats of adjustments budget

An adjustment budget and supporting documentation of a municipality must be in a the format specified in Schedule B of the MBRR and include all the required tables, charts and explanatory information, in view of any guidelines issued by National Treasury

9.12 Funding of adjustment budgets

An adjustments budget of a municipality must be suitably funded. The supportive documentation to accompany an adjustments budget in terms of section 28(5) of the MFMA must contain an explanation of how the adjustments budget is funded.

9.13 Submission of tabled adjustments budgets

The municipal manager must comply with section28(7) of the MFMA together with section 22(b)(i) of the MFMA, within ten working days after mayor has tabled an adjustments budget in the municipal council. When submitting the tabled adjustments budget to National Treasury and relevant provincial treasury in terms of section 28(7) of the MFMA, municipal manager must submit in both printed and electronic.

9.14 Approval of adjustments budgets

The municipal council must consider the full consequences, fiscal or otherwise, of the adjustments budget and supporting documentation. When approving an adjustments budget, municipal council must consider and adopt separate resolutions dealing with each of the matters listed below:

9.14.1 Approval of the adjustment budget;

9.14.2 Approval of any adjustments permitted in terms of section 28(2) of the MFMA;

9.14.3 Approval of the transfer of funds to a separate bank account for purpose contemplated in section 12 of the MFMA;

9.14.4 Approval of revisions to the monthly and quarterly service delivery targets and performance indicators in the service delivery and budget implementation plan, if any, to correspond with the approval of the adjustments budget;

9.14.5 Approval of any amendments to budget related policies necessitated by the adjustments budget.

9.15 Quality Certification

When an adjustment budget and supporting documentation is tabled in council, made public or submitted to another organ of state, it must be accompanied by a quality certificate complying with Schedule B and signed by the municipal manager.

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9.16 Publication of approved adjustment budgets

Within five working days after the municipal council has approved an adjustments budget, the municipal manager must in agreement with section 21(A) of the Municipal System Act make public that approved adjustments budget and supporting documentation, as well as the resolution referred to in item 4, Schedule B, resolutions.

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10 BUDGET IMPLEMENTATION

10.1 Monitoring

10.1.1 The accounting officer with the assistance of the chief financial officer, Directors and other senior managers is responsible for the implementation of the budget, and must take reasonable steps to ensure that:

10.1.1.1 funds are spent in accordance with the budget;

10.1.1.2 expenses are reduced if expected revenues are less than projected; and

10.1.1.3 revenues and expenses are properly monitored.

11.1.2 The Accounting officer with the assistance of the chief financial officer must prepare any adjustments budget when such budget is necessary and submit it to the Mayor for consideration and tabling to Council.

11.1.3 The Accounting officer must report in writing to the Council any impending shortfalls in the annual revenue budget, as well as any impending overspending, together with the steps taken to prevent or rectify these problems.

10.2 Reporting

10.2.1 Monthly budget statements

The accounting officer with the assistance of the chief financial officer must, not later than ten working days after the end of each calendar month, submit to the Mayor and Provincial and National Treasury a report in the prescribed format on the state of the municipality's budget for such calendar month, as well as on the state of the budget cumulatively for the financial year to date.

This report must reflect the following:

10.2.1.1 actual revenues per source, compared with budgeted revenues;

10.2.1.2 actual expenses per vote, compared with budgeted expenses;

10.2.1.3 actual capital expenditure per vote, compared with budgeted expenses;

10.2.1.4 actual borrowings, compared with the borrowings envisaged to fund the capital budget;

10.2.1.5 the amount of allocations received, compared with the budgeted amount;

10.2.1.6 actual expenses against allocations, but excluding expenses in respect of the equitable share;

explanations of any material variances between the actual revenues and expenses as indicated above and the projected revenues by source and expenses by vote as set out in the service delivery and budget implementation plan;the remedial or corrective steps to be taken to ensure that the relevant projections remain within the approved or revised budget; and projections of the revenues and expenses for the remainder of the financial year, together with an indication of how and where the original projections have been revised.

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10.2.1.7 The report to the National Treasury must be both in electronic format and in a signed written document

10.2.2 Quarterly reports

The Mayor must submit to Council within thirty days of the end of each quarter a report on the implementation of the budget and the financial state of affairs of the municipality

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10.2.2.1 Mid-year budget and performance assessment

10.2.3 The Accounting officer must assess the budgetary performance of the municipality for the first half of the financial year, taking into account all the monthly budget reports for the first six months, the service delivery performance of the municipality as against the service delivery targets and performance indicators which were set in the service delivery and budget implementation plan.

10.2.3.1 The Accounting Officer must then submit a report on such assessment to the Mayor by 25 January each year and to Council, Provincial Treasury and National Treasury by 31 January each year.

10.2.3.2 The Accounting Officer may in such report make recommendations after considering the recommendation of the Chief Financial Officer for adjusting the annual budget and for revising the projections of revenues and expenses set out in the service delivery and budget implementation plan.

11 APPROVAL AND EFFECTIVE DATE

The Chief Financial Officer (CFO) is responsible for the submission of the Policy to Council to consider its adoption after consultation with the AO. Council shall indicate the effective date for implementation of the policy.

This policy will be effective from 01 July 2019

12 POLICY AMENDMENT

The Budget Implementation and Monitoring Policy must be reviewed on an annual basis to ensure that it complies with the regulations and guidelines published by National Treasury. It is imperative that this policy is assessed with the latest MFMA Budget Circulars as published from time to time by National Treasury.

13 RELATIONSHIP WITH OTHER POLICIES

This policy needs to be read in conjunction with other relevant adopted policies of the municipality, including the following:

- Asset Disposal Policy;
- Asset Management Policy;
- Credit Control and Debt Collection Policy
- Delegation of Powers;
- Funding, Borrowing and Reserves Policy;
- Infrastructure Investment and Capital Projects Policy;
- Long Term Financial Plan Policy;

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- Management of Electricity and Water Distribution Losses Policy;
- Property Rates Policy; and
- Tariff, Indigent and Free Basic Services Policy.

14 REFERENCES

The following references were observed in compiling this document:

- Municipal Finance Management Act, 2003
- Municipal Systems Act, 2000
- Municipal transfer and disposal regulations, Government Gazette no.31346
- The Local Government: Municipal Systems Act 2000 (Act No. 32 of 2000);
- The Municipal Budget and Reporting Regulations;
- MFMA Circulars 48, 51, 54, 55, 66, 67 and 67

15 POLICY IMPLEMENTATION

Procedures should be prepared and adopted by the AO, in consultation with the CFO and HOD(SO)s, to give effect to this policy.

ANNEXURE A: BUDGET PROCESS TIMETABLE

TIMEFRAME	ACTIVITY	RESPONSIBILITY
1 November Year 1 – 10 December Year 1	Heads of Departments to prepare and submit first Final operating and capital budgets in line with the approved operational plans, budget guidelines and secured financing sources.	Directors
10 December Year 1 –	Revision of the current operational and capital budget.	CFO/ Directors
	Compilation of the MFMA Sec 72 Report and submission to the Mayor.	AO/ CFO
	Approval of adjustments budget by Mayoral Committee.	AO/ CFO
	Approval of adjustments budget by Council.	AO/ Mayor
10 December Year 1 – 21 January Year 2	Finance Department to consolidate and prepare the first Final capital and operating budget in the following formats:	CFO/Manager Financial Services/ Directors

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TIMEFRAME	ACTIVITY	RESPONSIBILITY
	High level consolidated format;	
	Line item budget; and	
	Proposed Tariffs.	
	Evaluation of and discussions on first Final budget by Mayoral Committee in line with operational plans, budget guidelines and IDP.	AO/ CFO/ Directors
21 January Year 2 – 4 February Year 2	Finance Department to consolidate and prepare the second Final capital and operating budget.	CFO/Manager Accounting/ Directors
	Evaluation of and discussions on second Final by Mayoral Committee.	AO/ CFO
7 February Year 2 – 14 February Year 2	Evaluation of and discussions on second Final by Portfolio Committees.	Chairpersons of Portfolio Committees/
		Directors
14 February Year 2 – 4 March Year 2	Evaluation and discussions of proposals from Portfolio Committees by the Mayoral Committee.	AO/ CFO
4 March Year 2 – 11 March Year 2	Finance Department to consolidate and prepare the third Final capital and operating budget.	CFO/Manager Accounting/ Directors
	Evaluation and finalisation of the Final MTREF operational and capital budgets by the Mayoral Committee.	AO/ CFO
11 March Year 2 – 31 March Year 2	Finance Department to consolidate and prepare the final Final capital and operating budgets.	CFO/Manager Accounting/ Directors
	Evaluation of and discussions on final Final capital and operating budget by Council.	AO/ Mayor
31 March Year 2 – 29 April Year 2	Consultation on final Final budget through formal meetings with all possible stakeholders.	Mayor
		AO/ CFO
29 April Year 2 – 13 May Year 2	Finance Department to consolidate and prepare the final Final capital and operating budgets.	CFO/ Directors
	Evaluation of and discussions on final Final by Mayoral Committee.	AO/ CFO
13 May Year 2 – 31 May Year 2	Finance Department to consolidate and prepare the final capital and operating budgets.	CFO/ Directors
	Adoption of budget by Council.	AO/ Mayor
31 May Year 2 – 13 June Year 2	Finance Department to submit approved budget to Provincial Treasury and National Treasury.	CFO
31 May Year 2	Finance Department to finalise all preparations to ensure proper and timeous implementation of budget, including promulgation of tariffs	CFO

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TIMEFRAME	ACTIVITY	RESPONSIBILITY
30 June Year 2	Municipal Manager to submit Final SDBIP's and Final performance agreements of all section 57 personnel to Mayor.	AO
	Mayor to approve SDBIP's and note performance agreements.	AO/Mayor

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EMTHANJENI MUNICIPALITY

FINAL CASH AND INVESTMENT POLICY

BUDGET 2019/2020 MTERF

CASH AND INVESTMENT POLICY

1. Introduction

1.1 As trustees of public funds, Councillors and officials have an obligation to ensure that cash resources are managed as effectively, efficiently and economically as possible.

1.2 The Council of the Municipality has a responsibility to invest public funds carefully and has to report to the community in this regard.

1.3 In terms of The Municipal Finance Management Act , 2003 (Act No 56 of 2003), Chapter 3, Section 13 –

(1.) The Minister may prescribe a framework within which Municipalities must –

conduct their Cash Management and Investments; and

invest money not immediately required

(2.) A Municipality must establish an appropriate and effective Cash Management and Investment Policy in accordance with any framework that may be prescribed in terms of subsection (1).

2. Objective

The objective of the investment policy is to gain the highest possible return, without unnecessary risk, during periods when excess funds are not being used. To establish this, it is essential to have an effective Cash Flow Management Program.

3. Responsibility/Accountability

3.1 In terms of the Municipal Finance Management Act, 2003, Chapter 8, Section 60, the Municipal Manager is the Accounting Officer of the Municipality. However, he may delegate in terms of Section 79(1) certain duties/tasks to designated officials, referred to in section 77(1), who would be accountable to him. The

Municipal Manager is therefore accountable for all transactions entered into by his designates. One of the main functions of the Municipal Manager is that of adequate and effective cash management. The duty to manage the municipality's cash and investments is delegated to the Chief Financial Officer.

3.2 The Chief Financial Officer is responsible, as delegated, for establishing systems, procedures, processes and training and awareness programmes to ensure efficient and effective banking and cash management. Sound cash management includes the following:

Collecting revenue when it is due and banking it promptly;

Making payments, including transfers to other levels of government and non-government entities, no earlier than

necessary, with due regard for efficient, effective and economical programme delivery and the government's

normal terms for account payments;

Avoiding pre-payments for goods or services unless required by the contractual arrangements with the supplier;

Accepting discounts to effect early payment only when the payment has been included in the monthly cash flow

estimates provided to the relevant treasury;

Pursuing debtors with appropriate sensitivity and rigour to ensure that amounts receivable by the Municipality are

collected and banked promptly;

Accurately forecasting the institution's cash flow requirements;

Timing the inflow and outflow of cash;

Recognising the time value of money, i.e. economically, efficiently, and effectively managing cash; and

Taking any other action that avoids locking up money unnecessarily and inefficiently, such as managing inventories

to the minimum level necessary for efficient and effective programme delivery, and selling surplus or under utilised

assets.

3.3 The overall responsibility of investments rests with the Municipal Manager. However, the day to day handling of investments is the Chief Financial Officer's responsibility.

3.4 In terms of Section 79(1) of the Municipal Finance Management Act, 2003 the powers and duties to do investments are delegated to the Chief Financial Officer. In terms of Section 82 (1) of the MFMA, the Chief Financial Officer may sub-delegate the duties and authority to do investments to any official in the budget and treasury office or to the holder of a specific post in that office. The Chief Financial Officer is accountable to the Municipal Manager for the investments made by the Chief Financial Officer or his delegated officials

3.5 In the instance that the Chief Financial Officer has to do an investment, quotations are required from various financial institutions. In the case of telephonic quotations, the following information is required:

- The name of the person who gave the quotation;
- The relevant terms and rates; and
- Other facts such as if interest is payable on a monthly basis or on maturation date

3.6 Where payments to financial institutions in respect of investments are to be effected by cheque, the following procedures apply:

- The Chief Financial Officer's clerk must complete a cheque requisition form and submit it to the Chief Financial Officer or his delegated official together with the supporting quotations;
- The Chief Financial Officer or his delegated official must authorise the requisition.

3.7 All investment documents will require two signatories, namely the Municipal Manager, Chief Financial Officer or his delegated official and one other official in the treasury office. Specimen signatures must be held by all financial institutions that the Municipality deals with.

4. Cash Management

Adequate and effective cash management is one of the main functions of the Chief Financial Officer or his/her Delegate.

4.1 Debtor Collections:

4.1.1 All funds due to the Municipality must be collected in good time and banked on a daily basis. Cash left in the safe which poses a security risk, could result in higher insurance premiums to cover the additional risk and does not earn interest. Large sums of money received must be deposited into the bank account on the same day the payment is received.

4.1.2 It is important that all monies owing to the Municipality are correctly reflected in the debtors system. The following control measures are necessary:

- A well managed debtors and banking control system will ensure that funds owed to the Municipality are received and banked; and
- It is also important to review debt collection performance by comparing the debtors outstanding in relation to total turnover and then comparing this to previous financial years, in order to determine whether the debt collection process is deteriorating or improving.

4.1.3 All monies collected by the Municipality must be banked in the bank account of the Municipality.

4.1.4 Moneys collected by some other agency on behalf of the Municipality shall be paid over to the Municipality or deposited in the bank account of the Municipality in a manner prescribed by the Chief Financial Officer.

4.1.5 The receipt of all monies collected by the Municipality shall be acknowledged forthwith by the issue of a numbered official receipt.

4.2 Payment of Creditors

4.2.1 Due to the high bank charges with regard to cheque payments, it is essential to limit the payment of creditors to one payment per creditor per week, where possible. Exceptions, authorised by the Chief Financial Officer, with regard to emerging contractors can, however, be made, should the cash position allow for it. Should the facility be available, payments should be done by electronic transfer – subject to strict control measures.

4.2.2 When considering the time to pay a creditor, proper consideration must be given to the conditions of credit terms of payment offered:

- In cases where a cash discount is given for early settlement, the discount, if the relevant time scale is taken into account, will in most cases be more than any investment benefit that could be received from temporarily investing the funds.
- If discounts are offered for early settlement they must be properly considered and utilised.

4.2.3 Besides this, the normal conditions of credit terms of payment offered by suppliers, must also be considered and utilised to the full by paying on the due date and not earlier.

4.3 Receipt of Payments

4.3.1 Receipt of money over the counter:

- Every amount of payment received by a Cashier or other officer responsible for the receipt of money shall be acknowledged at once by the issue of a numbered official receipt or cash ticket; and
- Every receipt form, which is cancelled, will be reattached, in the correct place, in the receipt book. Where computer generated receipts are used, the original receipt must be filed for audit purposes.

4.3.2 Receipt of Money by Post:

- When money (including postal orders and cheques) is received with the Council's mail, the Registry Clerk shall record all payment remittances as and when received in the cheque register in the presence of a witness. Post-dated cheques received in the Council's mail must also be recorded in the cheque register. The cheque register shall be regarded as the register of remittances received by post;
- The cheque register together with all remittances received must be sent to a designated official in the finance section, before close of cashier on the same day;

- The designated official on receipt of the cheque register together with the remittances will code all remittances and submit it to the cashier for receipting;
- The Cashier will receipt all remittances and issue official receipts to the designated official;
- The designated official will record all receipts in the cheque register and return same to registry. The Registry Clerk must ensure that all receipts are recorded in the cheque register;
- All documents relating to remittances received in the mail must be filed for audit purposes;
- A separate register for post dated cheques will be maintained by the Registry Clerk and all post-dated cheques must be stored safely in the Registry Safe; and
- The Registry Clerk will ensure that all post-dated cheques, which become due are sent promptly to the designated official for receipting and recording of receipts in the post-dated cheque register.

4.4 Bank and Cash:

4.4.1 All names of bank accounts or investment accounts must be in the name of EMTHANJENI MUNICIPALITY.

4.4.2 New bank accounts may be opened if required and approved by the CFO.

4.4.3 All bank accounts must be accounted for in the accounting system.

4.4.4 All bank and cash should be made in terms of the Cash Management Policy.

4.5 Management of Inventory

Cash management must be improved by seeing to it that adequate inventory control is exerted over all goods kept in inventory. For this purpose an Inventory Management Policy must be developed.

4.6 Management of Debt

The Municipality may only incur debt in terms of the Municipal Finance Management Act, 2003, Chapter 6. The Municipality may incur two types of debt, namely short term and long term debt.

4.6.1 Short term debt.

4.6.1.1 The Municipality:--

- may incur short-term debt only in accordance with and subject to the Provisions of the MFMA, Section 45(1), and only when necessary to bridge –
  - (a) shortfalls within a financial year during which the debt is incurred, in expectation of specific and realistic anticipated income to be received within that financial year; or
  - (b) capital needs within a financial year, to be repaid from specific funds to be received from enforceable allocations or long-term debt commitments.
- may incur short-term debt only if –
  - (a) a resolution of the Municipal Council, signed by the Mayor, has approved the debt agreement; and
  - (b) the Accounting Officer has signed the agreement or other document which creates or acknowledges the debt.
- Must pay off short term debt within a financial year; and
- May not renew or refinance its short term debt.

4.6.1.2 No lender may extend credit to the Municipality for the purpose of renewing or refinancing debt that must be paid off in terms of the above, unless such extension was agreed and approve by the Council. If a lender wilfully extends credit to the Municipality for the purpose of renewing or refinancing debt, the Municipality is not bound by the contract in terms of which the credit was extended to the Municipality.

4.6.2 Long term debt.

4.6.2.1 The Municipality may incur long term debt in terms of Section 46(1) of the MFMA only for the purpose of capital investment in property, plant or

equipment to be used for the purpose of achieving the objects of local government as set out in Section 152 of the Constitution, and only if –

(a) a resolution of the Municipal Council, signed by the Mayor, has approved the debt agreement; and

(b) the Accounting Officer has signed the agreement or other document which creates or acknowledges the debt.

(c) the Accounting Officer of the Municipality has complied with Section 21A of the Municipal Systems Act, by making public an information statement setting out the particulars of the proposed debt, the purpose for which the debt is to be incurred and the particulars of any security to be provided, at least 21 days prior to the meeting of the Council at which approval for the debt is to be considered.

4.6.2.2 Section 152 of the Constitution reads as follows: “The objects of local government are:

- To provide democratic and accountable government for local communities;
- To ensure the provision of services to communities in a sustainable manner;
- To promote social and economic development;
- To promote a safe and healthy environment; and
- To encourage the involvement of communities and community organisations in the matters of local government.”

5. Investments

5.1 Legal Requirements

5.1.1 The way in which surplus funds and other municipal funds can be invested, is controlled in terms of legislation:

- GRAP ACCOUNTNG STANDARDS;
- Local Government Municipal Finance Management Act 2003, Act No 56 of 2003, section 13(1)

5.1.2 The Minister, acting with the concurrence of the Cabinet member responsible for local government, may prescribe a framework within which municipalities must –

(a) Conduct their cash management and investments; and

(b) Invest money not immediately required. Invest only with --

- Deposits with banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990);
- Securities issued by the National Government;
- Deposits with the Public Investment Commissioners as contemplated by the Public Deposits Act, 1984 (Act No. 45 of 1984);
- Deposits with the Corporation for Public Deposits as contemplated by the Corporation for Public Deposits Act, 1984 (Act 46 of 1984)
- Listed corporate bonds with an investment grade rating from an internationally recognized credit rating agency.
- Bankers, acceptance certificates or negotiable certificates of deposits of banks registered in terms of the Banks Act, 1990 (Act 94 of 1990);
- Guaranteed endowment policies with the intention of establishing a sinking fund;
- Repurchase agreements with banks registered in terms of the Banks Act, 1990(Act 94 of 1990)
- Any other instruments or investments in which a Municipality was under a law permitted to invest before the commencement of the Local Government Transition Act, 1996: Provided that such instruments shall not extend beyond the date of maturity or redemption thereof.; and
- Any other investments determined by the Minister of Finance and published in the Government Gazette.

5.2 Cash Flow Estimates

5.2.1 Before money can be invested, the Chief Financial Officer must determine whether there will be surplus funds available during the term of the investment. He/she must fix the term of the investment.

5.2.2 In order to be able to make investments for any fixed term, it is essential that cash flow estimates be drawn up.

5.2.3 When drawing up cash flow estimates, it is essential that the Chief Financial Officer take note of the following:

- Be aware of the expected cash flow and when it is likely to take place, as well as the timing with regard to cash outflow, as far as both the operating and the capital budgets are concerned;
- By utilising the available information and expertise, the Chief Financial Officer or his/her delegate must assess the timing with regard to when, for how long and the amount to be invested; and
- Daily cash flow estimates must provide for daily call investments and investment withdrawals, whereas long-term investments must be based on projections further into the future.

5.3 From time to time the Council will have surplus funds available which are not needed immediately and which could be invested. Depending on circumstances some funds could be invested for a long term whilst others would only be short-term investments. Surplus funds in the current account may also be invested for short periods (days).

5.4 Generally investments are done every month when prior investments mature and funds are available for re-investment. Investments may be made by the Chief Financial Officer as follows:

- Long term investments should be made with financial institutions of minimum BBB rating (where BBB refers to lower risk institutions);
- Short term investments should be made with an financial institutions of minimum B rating (where B refers to higher risk institutions);

- All available funds should not be placed with a single institution, the invested amount should, where possible, be spread equally to all relevant institution's; and
- The total amount invested at an institution may not exceed 10% of the relevant institution's shareholder's funds (Capital and Reserves).

6. Investment Ethics

The following ethics must apply when dealing with financial institutions and other interested parties:

6.1 The Municipal Manager and Chief Financial Officer will be responsible for the investment of funds, and he/she has to steer clear of outside interference, regardless of whether such interference comes from individual Councillors, agents or any other institution.

6.2 Under no circumstances may he/she be forced or bribed into making an investment. No official may accept any gift unless that gift can be deemed so small that it would not have an influence on his/her work or was not intended to do so, and can merely be seen as goodwill. A certificate in respect of the gift should be furnished to the Chief Financial Officer. The gift should not be in lieu of a commission.

6.3 The Chief Financial Officer must act according to his/her discretion and must report any serious cases of payment in kind or gifts, to the Municipal Manager. Excessive gifts and hospitality should, however, be avoided.

6.4 Interest rates offered should never be divulged to another institution.

7. Investment Principles

7.1 Exposure to a Single Institution:

Money, especially large sums of money, must be invested with more than one institution, in order to limit risk exposure of the Municipality. All available funds should not be placed with a single institution, the invested amount should, where possible, be spread equally to all relevant institutions. If legislation permits, the

Chief Financial Officer must try to plan the distribution of the investments to cover different types of investments.

7.2 Risks and Return

It can be accepted as a general rule that the larger the return, the greater the risk.

7.3 Borrowing Money for Reinvestment

The Municipality may not borrow money for reinvestment, as this would mean interest rates would have to be estimated in advance, which can be seen as speculation with public funds.

7.4 Registered Financial Institutions

If the Chief Financial Officer invests with financial institutions, he/she must ensure that such institutions are registered in terms of the Banks Act 94 of 1990 and that they are approved financial institutions – as approved by the Reserve Bank, from time to time. An updated list of the approved financial institutions should be obtained regularly.

7.5 Growth-related Investments

When making growth-related investments, the Chief Financial Officer must obtain a guarantee that at least the capital amount invested is safe, and must exercise due diligence in this regard.

8. Investment of Funds by the Municipality:

8.1 The investment register must be examined on a daily basis to identify investments falling due within the two weeks following and start the investment process such as looking at alternatives, cash flow requirements and timely reporting to the Municipal Manager and Council.

8.2 Prior to the investment of monies, the Chief Financial Officer (CFO), must determine whether there will be surplus funds available, as well as to fix the term for which such money should be invested.

8.3 In order to be able to make investments for any fixed term, it is essential that cash flow forecasts be drawn up.

8.4 In the instance surplus funds are available for investment, the Chief Financial Officer should contact the various banking institutions for interest rate quotations and prepare a manual or computerised list of the quotations indicating the amounts to be invested, the rates quoted and the maturity values (maximum return).

8.5 Based on the results of 8.4 above, and the value of the prospective investment, the Chief Financial Officer should, authorise the investment. All relevant information must be filed together with the investment documentation.

9. Call Deposits and Fixed Deposits

9.1 Quotations should be obtained from a minimum of three financial institutions, bearing in mind the limits of the term for which it is intended to invest the funds. Should one of the institutions offer a better rate for a term, other than what the Municipality had in mind, the other institutions which were approached, should also be asked to fix a rate for that long a term.

7.2 Quotations must be obtained electronically, otherwise per facsimile or emails, as rates can generally change on a regular basis and time is a determining factor when investments are made. It is however prudent to obtain written (e-mail acceptable) quotations. No verbal quote or quotes received after closing date and time may be considered. The person responsible for requesting quotations from institutions must record the following:

- Name of institution;
- Name of person quoting rates;
- Closing date and time;
- Period of the investment;
- Relevant terms; and
- Other facts i.e. are interest payable monthly or on maturation date.

9.3 Once the required number of quotes has been obtained, a decision must be taken regarding the best terms offered and the institution with which funds are going to be invested. The best offer must under normal circumstances be

accepted, with thorough consideration of investment principles. The Chief Financial Officer must note any deviation if such best offer is not accepted. No attempt must be made to make institutions compete with each other as far as their rates and terms are concerned.

9.4 If institutions have been asked for a quotation with regard to a specific package, the institution must be requested to give the best rate in their quotation. They must also be informed that, once the quotation has been given, no further bargaining or discussions will be entered into in that regard.

9.5 The above procedure must be followed for all investments.

9.6 The Chief Financial Officer must make sure that the investment document received is a genuine document, issued by an approved institution, and the investment capital must be paid over only to the institution with which it is to be invested and not to an agent.

10. Other External Deposits

Other investment possibilities, which are subject to the applicable legislation and are available to the Municipality, include debentures and other securities of the State as well as other Municipalities or statutory bodies in the Republic, instituted under and in terms of any law. With regard to such investments, the principles and practices set out above must apply.

11. Control of Investments

11.1 An Investment Register must be kept of all investments made. The following facts must be indicated:

- Name of institution;
- Type of investment;
- Capital invested
- Date invested;
- Term of investment
- Interest rate;
- Maturation date;

- Interest earned;
- Interest received;
- Interest capitalised.

The Investment Register and accounting records must be reconciled on monthly basis.

11.2 The Investment Register must be examined on a fortnightly basis to identify investments falling due within the next two weeks. It must then be established as what to do with the funds bearing in mind the cash flow requirements.

11.3 Interest, correctly calculated, must be received in good time, together with any distributable capital. The Chief Financial Officer must check that the interest is calculated correctly.

11.4 Investment documents and certificates must be kept in a safe place. The following documents must be safeguarded:

- Fixed deposit letter or investment certificate;
- Receipt for capital invested;
- Copy of electronic transfer or cheque requisition;
- Excel schedule of comparative investment figures;
- Commission certificate indicating no commission was paid on the investment; and
- Interest rate quoted.

11.5 The Chief Financial Officer is responsible for ensuring that the invested funds are secure and, should there be a measure of risk, that such risk be rated realistically.

12. General Investment Practice

12.1 General

After determining whether there is cash available for investment and fixing the maximum term of investment, the Chief Financial Officer must consider the way in which the investment is to be made. As rates can vary according to money market perceptions with regard to the terms of investment, quotations must be

requested electronically, within term limitations, and these must be set out on a schedule.

12.2 Commission Certificate

The Auditor General requires the financial institution, where the investment is made, to issue a certificate for each investment made. This certificate must state that no commission has, nor will, be paid to any agent or third party, or to any person nominated by the agent or third party.

12.3 Reports:

12.3.1 The Council must be given a monthly report on all borrowings and investments. With specific reference to:

(a) Borrowings: (For each individual loan)

- Name of institution;
- Date of initial borrowing/loan received (in respect of existing loans)
- Balance beginning of month;
- Loans received during month;
- Loans redeemed during month;
- Balance at end of the month;
- Interest rate;
- Interest paid during month;
- Maturity date;
- Type of loan;
- Total Amount.

(b) Investments: (For each individual Investment)

- Name of Institution invested with;
- Date of investment;
- Type of investment;
- Period of investment;
- Interest rate;
- Maturity date;
- Interest earned during month;

- Balance of investment at beginning of month;
- Investments made during month;
- Investments withdrawn during month;
- Balance of Investments at end of the month;
- Allocation of investments to reserves and other funds
- Source of investment;
- Appropriation of investments.

12.3.2 The Municipality must within 30 days after an investment with currency of 13 months or longer has been made, publish in a local newspaper in circulation within its area of jurisdiction, full details of any investments so made.

12.4 Cash in the Bank

12.4.1 Where money is kept in current accounts, it would be possible to bargain for more beneficial rates with regards to deposits, for instance call deposits. Fixed term deposits can increase these rates.

12.4.2 The most important factor is that the cash in the current account must be kept to an absolute minimum. (Not more than R 5 000 000 at end of each month in cash book)

12.5 Creditworthiness

When investments are placed with smaller registered institutions, the Chief Financial Officer has to see to it that the Municipality is not exposed to too much risk. He/she has to ensure that the creditworthiness and performance of the institution is to his/her satisfaction, before investing money in the institution. The Chief Financial Officer is entitled to information from which the creditworthiness of financial institutions can be determined. This must be obtained and analysed annually.

12.6 GRAP

It is of utmost importance that the Chief Financial Officer applies GRAP in the compilation of the budgets and financial statements of the Municipality as well as the financial systems in use.

13. Investment Managers

If the Council will benefit from it, it is permitted to make use of Investment Managers as defined in the Municipal Investment Regulations.

14. Oversight Role of Council

14.1 The Council reserves its right to maintain oversight over the implementation of this Policy.

14.2 For the purposes of such oversight the Accounting Officer must-

(a) within 30 days of the end of each financial year; submit a report on the implementation of this Policy, to the Council; and.

(b) when ever there are serious and material problems in the implementation of this Policy, immediately submit a report to the Council.

15. COMMENCEMENT

This policy takes effect on 1 JULY 2019.

EMTHANJENI MUNICIPALITY

FINAL CREDIT CONTROL & DEBT COLLECTION POLICY

BUDGET 2019/2020 FINANCIAL YEAR

1. INTRODUCTION

The Debt Collection Policy must be read with the Customer Care and Management Policy.

2. OBJECTIVE

The objective of the Debt Collection Policy is to ensure that all revenues, rates and taxes, service levies, rentals and any other revenue due to the Municipality is collected in good time and in a humane and a cost efficient manner.

3. ARRANGEMENT FOR SETTLEMENT

3.1 If the domestic household's total gross financial income of all occupants over 18 years of age is less than the threshold of **R4 400, as determined by Council annually, such household is regarded as indigent and the indigent policy will apply.**

3.2 If a domestic household's total gross income exceeds the threshold amount of R4 400, as determined by Council annually, and should that household refuse or neglect to pay their bill with the Municipality, and is not willing to pay according to the payment schedule as outlined below:

3.2.1. Current Account must always be paid

PLUS

3.2.2 Reconnection fees plus

3.2.3 Initial amount per payment schedule below:

OUTSTANDING AMOUNT	REPAYMENT TO RE-CONNECT SERVICES
Up to R800	Full amount plus reconnection
R801 – R2000	40% Initial payment and arrears must be settled within 6 months
R2001 – R4000	30% Initial payment and arrears must be settled within 12 months
R4001 – R6000	25% Initial payment and arrears must be settled within 24 months
R6001 – R10 000	15% Initial payment and arrears must be settled within 36 months
R10 001 and more	12% Initial payment and arrears must be settled within 42 months

And also agree to where possible

i. pay the full current portion of the account in cash and sign an acknowledgement of debt; or

ii. provide a garnishee order/emolument order/stop order (if he or she is in employment);

iii. sign Consent to Judgement;

iv. acknowledge that interest will be charged at the prescribed rate;

v. acknowledge that if the arrangements negotiated are later defaulted on, no further arrangements will be possible and disconnection of water and electricity will immediately follow, as will legal proceedings,

the Municipality will not enter into an extended term of payment with this customer and reserve it's right to restrict, block, disconnect or suspend the supply of water and electricity or other municipal services.

3.3 All business customers must pay their accounts in full on due date – exception can only be considered on a case-by-case basis after written application from the individual business has been received. The Chief Financial Officer will consider and approve such applications for arrangements from business within his/her discretion to a maximum of twelve instalments.

3.4 Down payments and instalments will be scaled according to the income of the household and the size of the down payment and the terms of the repayment will be determined by Council on an annual basis, as contained in the tariff and rates schedule.

3.5 The Chief Financial Officer will consider and approve such application for arrangement, should such terms stated in the schedule be exceeded. Customers with arrears will convert to a prepayment meter, the cost of which will be paid off by adding it as a surcharge to the prepaid electricity cost, and repaying it with each purchase, at not less than 10% of electricity until the debt is liquidated. Should the defaulter be a tenant, the owner will be held liable for the cost of conversion to a prepayment meter.

3.7 Customers wishing to apply for arrangements for the settling of their accounts must provide:

i) proof of income, such as a pay slip of all members in the household elder than 18 years; or a state grant slip, etc;

ii) proof of unemployment as attested to by the Department of Labour;

iii) proof of address, physical and postal (if any), such as a telephone account, consumer (not municipal) account; contact details, and

iv) personal details as required by Council on the Municipality's prescribed form.

3.8 Customers with valid arrears arrangements will not be charged interest while agreed arrangements are met – should one such instalment not be met, interest will be charged on all arrear instalments as in clause 4.2.2 of this policy.

3.9 Should a customer fall into arrears,

i) Annual Municipal Rates and Taxes will only become in arrears after 30 September when the account has not been settled on or before 30 September

ii) the full amount outstanding will become due and immediately payable;

iii) restriction, disconnection, blocking or suspension of services processes will immediately begin;

iv) the arrears arrangement will be enforced and legal action will begin immediately;

v) no new agreement may be entered into; and

vi) if the customer has a prepayment meter installed, such outstanding amount will be collected by adding it as a surcharge to the prepaid electricity cost at not less than 20% of each electricity purchase until the debt is liquidated.

3.10 The Chief Financial Officer, in consultation with the Municipal Manager, may appoint a Debt Collection Business to collect all arrear amounts on accounts older then 60 days. A fixed commission of not more than 25% on a risk basis will be paid on all arrear amounts recovered.

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4. ENFORCEMENT MECHANISMS

4.1 INTERRUPTION OF SERVICES

4.1.1 Customers that are in arrears with their municipal bill will have their supply of electricity and water and other municipal services, restricted, blocked, suspended or disconnected.

Council reserves the right to restrict or deny the sale of electricity or water coupons to customers who are in arrears with their rates or any other municipal charges or fees.

4.1.2 Upon the liquidation of arrears, or the conclusion of arrangements for term payment, the restricted service will be reconnected as soon as conveniently possible, there after the conventional meter will be replaced by a prepayment meter and the cost of the meter will be recovered through a deduction of not less than 20% of pre-paid sales or cash payment.

4.1.3 The cost of the restriction or disconnection, and the reconnection, will be determined by tariffs agreed by Council, and will be payable by the consumer before reconnection.

4.1.4 Households, classified as indigent, will be treated as per indigent policy.

Council may recover arrear amounts of prepayment customers through the deduction of a percentage of sales until the debt is liquidated. If services have been disconnected or restricted for an account that is in arrears and such arrears has not been paid or an acceptable arrangement has not been made within 30 days after disconnection or restriction, legal processes will commence which could involve final demands, summonses, court trials, judgements, garnishee orders and/or sales in execution of property.

4.2 INTEREST

4.2.1 Interest will be raised as a charge on all accounts not paid by the due date **except on those who accounts who are classified as Indigent Households account and those who have made arrangements to pay their outstanding accounts.**

4.2.2 Interest will be charged on the total outstanding capital balance of the accounts (i.e. total capital levied for services less interest charged), at a rate determined by Council annually as per tariff policy.

4.2.3 The decision to waive interest in specific instances can only be taken by the Chief Financial Officer.

4.3 CONTACT

4.3.1 The Chief Financial Officer, in consultation with the Municipal Manager, may appoint Debt Collectors to assist, within the constraints of affordability, make personal contact with all arrears debtors to encourage their payment, and to inform them of the state of their arrears, and their rights (if any) to conclude arrangements or to indigence subsidies, and other related matters, and will provide information on how and where to access such arrangements or subsidies.

Directorate of Finance shall maintain a schedule of debtors with large amounts outstanding and will maintain intensive contact with these debtors as in 4.3.1

Such contact is not a right for debtors that debtors enjoy – disconnection of services, and other collection proceedings, will continue in the absence of such contact for whatever reason.

4.4 LEGAL PROCESS

4.4.1 INTERNAL LEGAL PROCESS

The Municipality will, after all enforcement mechanisms, as referred to in 4.1 to 4.3 above, have failed, proceed with the legal process of issuing final demands and summonses. Should these actions fail, the legal process will be continued with the use of attorneys as referred to in 4.4.2.

4.4.2 USE OF ATTORNEYS/ CREDIT BUREAUS

i The Chief Financial Officer will, when a debtor falls into arrears, immediately commence the debt collection process against that debtor, which process could involve final demands, summonses, court trials, judgements, garnishee orders and/or sales in execution of property.

ii The Municipal Manager will exercise strict control over this process, to ensure accuracy and legality within it, and will require regular reports on progress from the Chief Financial Officer.

iii The Chief Financial Officer will establish procedures and codes of conduct with outside parties, be they attorneys, the courts, the sheriff and others and will require regular reports on progress from them.

iv Garnishee orders, in the case of employed debtors, are preferred to sales in execution, but both are part of the Municipality's armoury of debt collection procedures.

v All steps in the credit control procedure will be recorded for the Municipality's records and for the information of the debtor.

vi All costs of this process are for the account of the debtor.

vii Individual debtor accounts are protected and are not the subject of public information. However, the Municipal Manager and the Chief Financial Officer may release debtor information to Credit Bureaux. This release will be in writing, and this situation will be included in the Municipality's agreement with its customers.

viii Council will receive and consider reports on relevant matters, including cost effectiveness, of this process.

ix Council may sell the fixed property of default consumers via "EXECUTION OF SALE" who does not settled their Rates and Taxes and Municipal Services Accounts.

4.5 USE OF COLLECTION AGENTS

4.5.1 The Chief Financial Officer will consider the use of agents, and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct, and the success of such agents and products will be both part of the agreement the Municipality might conclude with such agents or product vendors and will be closely monitored by the Municipal Manager.

4.5.2 Customers will be informed of the powers and duties of such agents, and their responsibilities including their responsibility to observe agreed codes of conduct.

4.5.3 Any agreement concluded with an agent or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will see the contract terminated.

4.5.4 When the municipality resolved to appoint and Debt Collection Company/Agent/ Attorneys (Service Providers), the appointment on Commission basis, will be done under the following conditions

4.5.4.1 Only arrear amounts older than sixty (60) days will be applicable when Debt Collections Company/Agent/Attorneys are appointed

4.5.4.2 The Current Account, 30 days and 60 days account amounts are excluded from the appointment as stated in par. 4.5.4.1

4.5.4.3 **No Commission will be paid on monies received on Current, 30 days and 60 days**

4.5.4.4 ***The payment of Commission to Debt Collection Service Providers will only be done when payments are received when the current, 30 days and 60 days account have been settled.*** See diagram illustrating the payment and commission scenarios

Payment	Age Analysis of Debt			Commission Payable on	Total Outstanding Debt
	Current Account	30 Days	60 Days	More than (+) 60 days	
Scenario 1					
Debt as at 31 March 2016	**R200**	**R250**	**R300**	**R250**	**R1000**
Payment received on 6 April 2016	**(R200)**	**(R250)**	**(R150)**	**(-)**	**(R600)**
Please note: No Commission will be paid or earned to The Debt Collection Service Provider. When payments are received the Current account, Debts of 30days and 60 days must be first cleared.					
Scenario 2					
Debt as at 31 March 2016	**R200**	**R250**	**R300**	**R250**	**R1000**
Payment received on 6 April 2016	**(R200)**	**(R250)**	**(R300)**	**(R50) Commission paid on amount**	**(R800)**
Please note: Commission will be only paid or earned to The Debt Collection Service Provider after payments for the Current account, Debts of 30days and 60 days have been deducted hence commission will be paid on the R50.					
Scenario 3					
Debt as at 31 March 2016	**R200**	**R250**	**R300**	**R250**	**R1000**
Payment received on 6 April 2016	**(R200)**	**(R250)**	**(R300)**	**(R250) Commission paid on amount**	**(R1000)**
Please note: Commission will be only paid or earned to The Debt Collection Service Provider after payments for the Current account, Debts of 30days and 60 days have been deducted hence commission will be paid on the R250.					

5 THEFT AND FRAUD

5.1 Any person (natural or juristic) found to be illegally connected or reconnected to municipal services, tampering with meters, reticulation network or any other supply equipment or committing any unauthorised service associated with the supply of municipal services, as well as theft and damage to Council property, will be liable for penalties as determined from time to time.

5.2 The Municipality will immediately terminate the supply of services to a customer should such conduct as outlined above be detected.

5.3 The total bill owing, including penalties, assessment of unauthorised consumption and discontinuation and reconnection fees, and increased deposits as determined by Council if applicable, becomes due and payable before any reconnection can be sanctioned.

5.4 The Municipality will maintain monitoring systems and teams to detect and survey customers who are undertaking such illegal actions.

5.5 Council may distinguish in its penalties between cases of vandalism and cases of theft.

5.6 Subsequent acts of tampering will lead to penalties and deposits increasing in quantum.

5.7 The Municipality reserves the right to lay charges and to take any other legal action against both vandals and thieves.

6 COST OF COLLECTION

All costs of legal process, including interest, penalties, service discontinuation costs and legal costs associated with credit control are for the account of the debtor and should reflect at least the cost of the particular action. This onus is to be specifically outlined in Council's credit agreement with a future customer.

7 ABANDONMENT

7.1 The Municipal Manager, and through delegation the Chief Financial Officer, must ensure that all avenues are utilized to collect the municipality's debt.

7.2 There are some circumstances that allow for the valid termination of debt collection procedures:

i. the insolvency of the debtor, whose estate has insufficient funds; and

ii. a balance being too small to recover, for economic reasons, considering the cost of recovery.

7.3 The decision to terminate the debt collection procedures in specific instances will only be taken by the Chief Financial Officer.

7.4 The Chief Financial Officer will maintain audit trails in such an instance and document the reasons for the abandonment and the writing-off of the abandoned debt.

8 WRITE-OFF

Council will consider, on an annual basis, the writing off of service arrears, after the Chief Financial Officer has submitted a report with the reasons, but not for tampering charges or connection/reconnection fees or legal/collection costs or any other fee/instalment in terms of an existing agreement or for the purpose of selling properties within a period of 24 months after write-off of arrears.

9 BY-LAWS

The principle contained in this policy will be reflected in the various service by-laws as promulgated and amended by Council from time to time.

10 COMMENCEMENT

This policy takes effect on 1 JULY 2019.

EMTHANJENI MUNICIPALITY

FINAL CUSTOMER CARE AND MANAGEMENT POLICY

BUDGET 2019/2020 FINANCIAL YEAR

CUSTOMER CARE AND MANAGEMENT POLICY

1. DEFINITIONS

For the purpose of this policy the following definitions will apply and any word or expressions to which a meaning has been assigned in the Act shall bear the same meaning in this Policy, unless the context indicates otherwise-

i ***Act:*** means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), as amended from time to time,

ii ***apparatus:*** includes a building, structure, pipe, pump, wire, cable, meter, machine or any fitting,

iii ***billing:*** means proper formal notification on an account to persons liable for payment of amounts levied for assessment rates and other taxes by die municipality and the charges of the fees for municipal services and indicating the net accumulated balance of the account,

iv ***council:*** the municipal council of the Municipality of EMTHANJENI,

v ***credit control and debt collection:*** means the functions relating to the collection of all money that is due and payable to the municipality,

vi ***customer****:* means any occupier of any premises to which the municipality has agreed to supply or is actually supplying services, or if there is no occupier, then the owner of the premises,

vii ***customer management:*** means focusing on the client's needs in a responsive and reciprocal relationship between persons liable for these payments and the municipality, and when applicable, a service provider, thereby limiting the need for enforcement,

viii ***defaulter:*** means a person owing the municipality money in respect of taxes and/or municipal service charges not paid on the due date for payment,

ix ***engineer****:* means a person in charge of the civil or electrical departments of the municipality,

x ***interest:*** constitutes a levy equal in legal priority to service levies and is equivalent to the prime banking rate applicable from time to time.

xi ***municipal account:*** shall include levies or charges in respect of the following services and taxes:

- electricity consumption
- water consumption
- refuse removal
- sewerage services
- rates and taxes
- interest, and
- miscellaneous and sundry charges.

xi ***municipal manager:*** means the person appointed by the Municipal Council as the Municipal Manager of the municipality in terms of Section 82 of the Local Government Structures Act, 1998 (Act 117 of 1998) and includes any person

- acting in such position, and
- to whom the Municipal Manager has delegated a power, function or duty in respect of such delegated power, function or duty,

xii ***municipal services****:* those services, rates and taxes reflected on the municipal account for which payment is required by the municipality,

xiii ***municipal treasurer****:* means a person appointed by the Council to manage the Council's financial administration,

xiv ***occupier****:* means any person who occupies any premises or part thereof, without regard to the title under which he or she occupies,

xv ***owner****:* means

- the person in whom the legal title to the premises is vested,
- in a case where the person in whom the legal title is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative,
- in any case where the Council is unable to determine the identity of such person, a person who is entitled to the benefit of such premises or a building thereon,
- in the case of premises for which a lease of 30 years or more has been entered into, the lessee thereof,
- in relation to
  - a piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act 1986, (Act 95 of 1986), and without restricting the above the developer or the body corporate in respect of the common property, or
  - a section as defined in such Act, the person in whose name such section is registered under sectional title deed and includes the lawfully appointed agent of such a person,
- any legal person including but not limited to
  - a company registered in terms of the Companies Act, 1973 (Act 61 of 1973), Trust *inter vivos*, Trust *mortis causa,* a Closed Corporation registered in terms of the Closed Corporations Act, 1984 (Act 69 of 1984), a Voluntary Association.
  - any Department of State.
  - any Council or Board established in terms of any legislation applicable to the Republic of South Africa
  - any Embassy or other foreign entity.

xvi ***policy document****:* means the approved customer care, credit control and debt collection policies of the Municipal Council and as amended from time to time,

xvii ***premises****:* includes any piece of land, the external surface boundaries of which are delineated on

- a general plan or diagram registered in terms of the Land Survey Act, 9 of 1927) or in terms of the Deeds Registry Act, 47 of 1937, or
- a sectional plan registered in terms of the Sectional Titles Act, 95 of 1986, which is situated within the area of jurisdiction of the Council.

2. GENERAL OBJECTIVES

The objectives of this policy are to:

2.1 provide a framework for customer care

2.2 provide a framework within which the Municipality can exercise its executive and legislative authority with regard to credit control and debt collection

2.3 ensure that all monies due and payable to the Municipality are collected and used to deliver services in the best interest of the community, residents and consumers and in financially sustainable manner

2.4 describe credit control measures and sequence of events

2.5 outline debt collection procedures and mechanisms: and

2.6 set realistic targets for debt collection

3. PRINCIPLES THAT UNDERPIN A CUSTOMER CARE AND MANAGEMENT AND DEBT COLLECTION POLICY

The following principles are applied in the policy:

3.1 Customer Care and Management and Debt Collection are entirely interrelated issues – debt collection is part of customer management.

3.2 Administrative integrity must be maintained at all costs – policy and execution are legally separate and must also be practically separate.

3.3 Communication of policies, rights and responsibilities, and systems of appeal, must be understandable, effective and regular.

3.4 There must be legal causes between the Municipality and its customer, and customer debt must arise out of a legal framework and must be legally collectable.

3.5 Billing is to be accurate, timely and understandable.

3.6 The customer is entitled to efficient, effective and reasonable access to pay points and to a variety of reliable payment methods.

3.7 The customer is entitled to an efficient, effective and reasonable response to appeals, and to suffer no disadvantage during the process of a reasonable appeal.

3.8 Indigent households are to be identified and supported with appropriate policies and practices.

3.9 Enforcement of payment will be prompt, consistent, effective and humane.

3.10 Fraud and criminality will lead to loss of rights and severe penalties.

3.11 Incentives and disincentives can be used in collection procedures.

3.12 The collection process must be cost effective.

3.13 Collection best practices will be pursued.

3.14 Targets for performance in both customer service and debt collection will be set and strived for.

3.15 Results will be regularly and efficiently reported.

3.16 Policies for Customer Care and Management and Debt Collection will be agreed by Council and Management, and supported thereafter by these parties.

4 RESPONSIBILITIES AND DELEGATED AUTHORITY

4.1 Council:

4.1.1 Council must create, evaluate, review and adapt the Customer Care and Management and Debt Collection Policies and related by-laws.

4.1.2 This political structure must oversee and monitor the implementation and enforcement of the Municipality's policies in this regard.

4.1.3 To maintain the credibility in the implementation of the policy and the attendant by-laws, Councillors should lead by example by ensuring that their own accounts will not fall into arrears.

4.1.4 Ward committees, through their ward councillor, be involved in communicating the credit control and debt collection programme and ensure that customer relations are of an acceptable standard to the community.

4.2 Accounting Officer:

4.2.1 The Municipal Manager (MM), as accounting officer, must implement and enforce this policy and any relevant by-laws.

4.2.2 The Municipal Manager must establish and control the administration necessary to fulfil this policy, and report efficiently and regularly to the Mayor and Executive Committee in this regard.

4.2.3 The Municipal Manager must collect all money that is due and payable to the Municipality.

4.2.4 The Municipal Manager may delegate authority in this regard to the Chief Financial Officer.

5 CUSTOMER CARE AND MANAGEMENT POLICY

5.1 COMMUNICATION AND FEEDBACK

5.1.1 Council's Customer Care and Management and Debt Collection Policies must be available in suitable formats, including all locally used languages, and must be made available by general publication and on specific request, and will also be available at Council's cash collection points.

5.1.2 The Municipality will endeavour to distribute a regular newsletter, which will give prominence to customer care and debt issues.

5.1.3 Ward Councillors will be required to hold regular ward meetings, at which customer care and debt issues will be given prominence.

5.1.4 The press will be encouraged to give prominence to Council's Customer Care and Debt issues, and will be invited to Council meetings where these are discussed.

5.1.5 Council aims to establish, within its financial means:

a) a central complaints/feedback office;

b) a centralized complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication with customers;

c) appropriate training for officials dealing with the public to enhance communications and service delivery;

5.2 CUSTOMER SIGN-ON AND AGREEMENTS

5.2.1 All prospective tenants will be required to sign a lease agreement prior to occupation of municipal property;

5.2.2 All prospective buyers will be required to sign a purchase agreement prior to occupation of the property, unless the prospective buyer is the current tenant;

5.2.3 All owners of property and tenants of municipal property will be required to sign agreements governing the supply of, and cost of, municipal services.

5.2.4 The Municipality will not enter into a separate agreement with a tenant of privately owned residential properties, the owner will be responsible for the services on that particular erf(ven). The owner will be held responsible for all outstanding fees, where applicable.

5.2.5 The Municipality will only allow a tenant to sign a separate agreement with the Municipality on business properties and sectional titles, but the owner will be held overall responsible and liable for any arrears accrued. On default by a tenant, the owner is the debtor of last resort, and the agreements must cover this specifically between the owner and tenant.

5.2.6 Private property owners will not be allowed to apply to the Municipality or to enter into an agreement with a tenant for the supply of, and cost of municipal services. The private property owner will be responsible for the debt incurred on that property.

5.2.7 Services, including occupation of property, where applicable, will only be rendered after the signing of the agreement.

5.2.8 Within a specified period (in the agreement) of change of ownership, meters will be read and an account posted.

5.2.9 In the agreement, customers will acknowledge liability for costs of collection and interest, in the event of delayed payment.

5.3 ACCOUNTS AND BILLING

5.3.1 Customers will receive an understandable and accurate bill from the Municipality, which bill will consolidate all service costs for that property.

5.3.2 Accounts will be produced in accordance with the meter reading cycle and due dates are similarly linked.

5.3.3 If meter readings on the accounts are faulty (overstated or understated) then the municipality must correct the incorrect readings on the service account. The corrections must be process before the next monthly services account reach the consumers.

5.3.4 When Council approved levies are incorrectly charged for any municipal service which also includes prepaid electricity sales, then the correct approved levies must be charged and the necessary corrections or adjustments must made immediately on the account. Corrections must be done retrospectively where possible. Value Added Tax (VAT) on accounts where applicable must also be enforced.

5.3.5 Accounts will be rendered monthly in cycles of approximately 30 days.

5.3.6 As the Municipality does not control delivery of accounts, it is the owner's, customer's and/or consumer's responsibility to ensure timely payment in the event of a bill not arriving.

5.3.7 It is the owner's, customer's and/or consumer's responsibility to ensure that the postal address and other contact details are correct.

5.3.8 Settlement or due date is the fifth (7th) day of each month.

5.4 METERING

5.4.1 The Municipality will endeavour, within practical and financial limits, to provide adequate meters to every paying customer for all measurable services.

5.4.2 All meters will be read monthly, if at all possible. If a meter is not read the consumption will be estimated in terms of Council's operational procedures. The account following the reading of the metered consumption must articulate the difference between the actual consumption and the average consumption, and the resulting credit or debit adjustment.

5.4.3 Customers are entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof.

5.4.4 An actual reading must be obtained once every six months.

5.4.5 Customers are to be informed of meter replacement.

5.4.6 Voluntary readings are permitted, but final readings and actual readings are the responsibility of the Municipality.

5.5 RIGHTS OF ACCESS TO PREMISES

5.5.1 The customer agreement, signed by the customer and the Municipality, must include a clause in which the owner and the occupier of premises give an authorized representative of the Municipality access at all reasonable hours to the premises in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict, or reconnect, the provision of any service. The customer will accept the cost of relocating a meter if satisfactory access is not possible.

5.6 PROPERTY VALUATION

5.6.1 The Municipality, within its financial and administrative capacity, will maintain a register of all properties within its jurisdiction. This register will be valued and regularly re-valued. Independent valuators will perform such revaluation, and the process of initial valuation and subsequent revaluation will include opportunities for owners to appeal and be heard.

5.6.2 Matters related to property valuation are more comprehensively dealt with in the property rates policy in accordance with the Local Government: Municipal Property Rates Act 2004, Act no. 6 of 2004 and MPRA Amendments Act.

5.7 PAYMENT FACILITIES AND METHODS, and STOP ORDERS AND DEBIT ORDERS

5.7.1 The Municipality must operate and maintain suitable banking and cash facilities. The Municipality is permitted to consider the costs and benefits of such facilities; which facilities should be accessible to all users.

5.7.2 The Municipality will offer a range of payment options to customers, which will include cash and may include cheques, credit cards, electronic payments, debit and stop orders.

5.7.3 The Municipality may, at its sole discretion, allocate a payment received between service debts and/or overdue debt. A debtor may not specify that the payment be for a specific portion of the account.

5.7.4 The Municipality may, with the consent of a customer, approach an employer to secure a debit or stop order arrangement.

5.7.5 The customer will acknowledge, in the customer agreements that the use of agents in the transmission of payments to the Municipality is at the risk of the customer – also for the transfer time of the payment.

5.8 ENQUIRIES, APPEALS AND SERVICE COMPLAINTS

5.8.1 If a customer is convinced that his or her account is inaccurate; he or she can lodge an appeal in writing with the Directorate Finance for recalculation of this account.

5.8.2 In the interim, **the debtor must pay the average of the last three months account where history of the account is available**. Where no such history is available the debtor is to pay an estimate provided by the Chief Financial Officer before payment due date until the matter is resolved.

5.8.3 The relevant department must investigate and inform the debtor within one month.

5.8.4 Failure to make such agreed interim payment or payments would make the customer liable for disconnection.

5.9 OMBUDSPERSON

5.9.1 Council should, if financially possible, employ an Ombudsperson, working under the direct control of the Municipal Manager, where applicable

5.9.2 This person's duties are to attend to complaints routed to his or her office by Councillors or the community, and to access these complaints, ensure readdress or resolution thereof, and make recommendations on improvements of Council's systems as and when he/she believes such changes to be necessary.

5.10 BUSINESSES WHO TENDER TO THE MUNICIPALITY

5.10.1 The Supply Chain Management Policy must, *inter alia,* include the following:

i. When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the tenderer obtain from the Chief Financial Officer a certificate stating that all relevant municipal accounts owing by the tenderer or its directors, owners or partners have been paid or that suitable arrangements (which include the right to set off in the event of non-compliance) have been made for payment of any arrears;

ii. A municipal account to mean any municipal service charge, tax or other fees, fines and penalties, due in terms of a contract or approved tariff or rate, which is outstanding after the due date normally appearing on the consolidated bill or overdue in terms of the contract or any other due date that has passed;

iii. Tender conditions must contain a condition allowing the Chief Financial Officer to deduct moneys owing to the Municipality from contract payments in terms of a reasonable arrangement with the debtor.

5.10.2 Council's Grants-in-Aid Policy must, *inter alia,* include that consideration thereof will be subject to the applicant obtaining from the Chief Financial Officer a certified letter reflecting the status of the applicant's municipal debt, if any, and that the awarding of grants-in-aid will be subject to payment thereof or an arrangement to pay any arrear municipal account.

5.11 INCENTIVES FOR PROMPT PAYMENT

5.11.1 The Municipality may, to encourage prompt payment and to reward good payers, assess incentives for prompt payment. Should such incentives prove to be financially sustainable and of mutual benefit to the Municipality and its customers, the Municipality will commission such incentives.

5.11.2 Such incentive schemes, if introduced, will be reflected in annual budgets as additional expenditure.

5.12 CUSTOMER ASSISTANCE PROGRAMMES

5.12.1 Water Leaks Rebates

5.12.1.1 A customer will qualify for a water leak rebate if:

i the leak occurred underground and was not easily discernable from above ground;

ii the leak had been repaired within 48 hours of detection;

iii the customer had only applied for one rebate in a 24-month cycle;

iv a certificate from a registered plumber, or a sworn affidavit (in the case of a private individual having repaired the leak) must reach the Chief Financial Officer within 10 working days of the repair, and contain the following details:

- the date of both invoice and repair;
- confirmation that the leak was not discernable from above ground;
- certifying that the burst occurred on a pipe listed on the Schedule of Approved Pipes and Fittings as kept by the Director Infrastructure and Housing Services.

5.12.1.2 The adjustment will be calculated based on the difference between the average consumption (kl) for the previous year's corresponding periods and the period of the leakage, for a maximum period of three years.

5.12.2 Faulty Meters

5.12.2.1 No Consumption Registered

i Meter will be replaced, and if found tampered with, the relevant penalty will be imposed and must be paid, otherwise the service will be restricted, blocked, disconnected or suspended.

ii An interim adjustment will be calculated based on the difference between the average consumption (kl) for the previous year's corresponding periods and the period when the meter was not registering, for a maximum period of three years.

iii The final adjustment will be calculated and debited by using the average consumption for the first three months on the new meter, for the period when the meter was not registering, for a maximum period of three years.

5.12.2.2 Assumed Faulty Meters

i Customers may request the testing of a meter and should the result of the test indicate the meter to be faulty, an adjustment of the levy will be made in accordance thereof.

ii Should the result of the testing indicate the meter not to be faulty, test within the limit of 2,5% in respect of an electricity meter and 5% in respect of a water meter, the customer will be liable for the cost of the applicable tariff payable in advance.

iii The adjustment will be calculated based on the difference between the average consumption (kl) for the previous year's corresponding periods and the period of the faulty metering, for a maximum period of three years.

5.12.3 Rates And Instalments

5.12.3.1 The property rates bill is payable in equal monthly instalments over 12 months at no interest cost or customers may apply to pay annually on 30 September.

5.12.3.2 If a monthly instalment is unpaid, the full bill outstanding is immediately due and payable.

5.12.3.3 Matters related to rates are more comprehensively dealt with in the Property Rates Policy in accordance with the Local Government: Property Rates Act 2004, Act no. 6 of 2004

5.12.4 Sewerage And Cleansing

5.12.4.1 The Annual Municipal Rates and Taxes levies or bill is annually payable on 30 September, but customers may apply to pay or in equal monthly instalments over 12 months at no interest cost. Annual Rates and Taxes accounts will become in arrears if it is not settled on or before 30 September and interest may be charged on those Municipal Rates and Taxes Accounts.

5.12.4.1 If three instalments are unpaid, the full bill outstanding is immediately due and payable.

5.13 CLEARANCE CERTIFICATES

5.13.1 are issued after receipt of the all applicable fees and of the clearance certificate application form.

5.13.2 are only issued when all amounts due in connection with that property for municipal fees, surcharges on fees, property rates and other municipal taxes, levies and duties have been fully paid.

5.13.3 Any instalment for rates refuse and sewerage is immediately payable.

5.13.4 A rates clearance certificate will be issued in terms of Section 118 of the Local Government: Municipal Systems Act, 2000, Act No. 32 of 2000, and will be valid till 30 June, following the date of application received. Caselaw in terms of s118 will also be adhere to.

5.13.5 If an amount liable for rates levied in respect of a property which formed part of a Municipal Housing Scheme, is unpaid by the owner and the property needs to be transferred, a rates clearance certificate will only be issued upon payment of the current account and after completion of an agreement for any municipal services in arrears, subject to Council's Credit Control and Debt Collecting Policy. Transfers affected may be one of the following:

(i) Transfer of a property from the EMTHANJENI MUNICIPALITY to the new owner;

(ii) Transfer of a property from one spouse to the other;

(iii) Transfer of a property from the owner (parent) to a child.

5.13.6 Outstanding amounts are vested in the property and not necessary vested in the owner's name. New Owners will be informed about outstanding balances if a clearance certificate had been issued in terms of section 118 (1) of the Municipal Systems Act, 32 no. 2000.

5.13.6 The Chief Financial Officer will consider and approve such applications for clearance certificates.

6 PERFORMANCE EVALUATION

6.1 CUSTOMER SERVICE TARGETS

Council to create targets that would include:

i Response time to customer queries

ii Date of first account delivery to new customers

iii Reconnection time lapse

iv Meter reading cycle

ADMINISTRATIVE PERFORMANCE

Council to create targets that will include:

i Cost efficiency of debt collection

ii Query rates

iii Enforcement mechanism ratios.

Council will create a forum wherein these targets are assessed, the Municipality's performance evaluated and remedial steps taken.

7 REPORTING TO COUNCIL

7.1 The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to Council and other interested parties. This report shall reflect on:

7.1.1 cash flow information for the capital and operating accounts, and combined, showing Council's actual performance against its cash flow budgets;

7.1.2 cash collection statistics, showing high-level debt recovery information (numbers of customer; enquires; default arrangement; growth or diminishing of arrear debtors; ideally divided into wards, business (commerce and industry) and domestic, state, institutional and other such divisions; and names and quantums) of major outstanding individual debtors;

7.1.3 Performance of all areas against targets agreed to in item 6 of this policy document and

7.1.4 Council's ongoing income and expenditure statements, comparing both billed income, and cash receipt income, against ongoing expenditure in both the capital and operating accounts. If, in the opinion of the Chief Financial Officer, Council will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who will, if

he agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realizable income levels

8 STRUCTURES OF THE DEPARTMENT OF FINANCE

Council shall regularly receive a report from the Chief Financial Officer, if necessary after consultation with suitable consultants, on the manpower and systems requirements by the Directorate Finance which requirements take into account Council's agreed targets of customer care and management, and debt collection, and, after considering this report, Council will, within reason, vote such resources as are necessary to ensure that the Directorate Finance has the staffing and structures to meet Council's targets in this regard.

9 BY-LAWS

The principle contained in this policy will be reflected in the various service by-laws as promulgated and amended by Council from time to time.

10 COMMENCEMENT

This policy takes effect on 1 JULY 2019.

EMTHANJENI MUNICIPALITY

FINAL INDIGENT HOUSEHOLD POLICY

BUDGET 2019/2020 MTERF

INDIGENT POLICY

INTRODUCTION

The Indigent Policy must be read along with the Customer Care and Management Policy.

2 PRINCIPLES THAT UNDERPIN AN INDIGENT POLICY

The following principles are applied in the policy:

- Administrative Integrity must be maintained at all costs – policy and execution are legally separate and must also be practically separate.
- Communication of policies, rights and responsibilities, must be understandable, effective and regular.
- Billing is to be accurate, timely and understandable.
- The customer is entitled to efficient, effective and reasonable access to pay points, and to a variety of reliable payment methods.
- Poor households are to be identified and supported, with appropriate policies and practices.
- Enforcement of payment will be prompt, consistent, effective and humane.
- Fraud and criminality will lead to loss of rights and severe penalties.
- Targets for performance in both customer service and debt collection will be set and strived for.
- Results will be regularly and efficiently reported.
- Indigent Policy will be agreed to by Council and management, and thereafter supported by these parties.

3. RESPONSIBILITIES AND DELEGATED AUTHORITY

3.1. The Council --

3.1.1 must create, evaluate, review and adopt the Indigent Policy and related by-laws.

3.1.2 The Mayor must oversee and monitor the implementation and enforcement of the municipality's policies in this regard.

3.2 The Municipal Manager --

3.2.1 as Accounting Officer, must implement and enforce this policy and any relevant by-laws.

3.2.2 must establish and control the administration necessary to fulfil this policy, and report efficiently and regularly to the Executive Committee in this regard.

3.2.3 may delegate authority in this regard to the Chief Financial Officer (CFO).

3.3 The Applicant Indigent --

3.3.1 must apply annually to be considered for the indigent equitable share, subsidy or rebate in terms of this and any other policy of Council in this regard; and

3.3.2 must report any change in his/her circumstances which moves his/her household out of the eligibility brackets in clause 4.1.2.

4. INDIGENT POLICY

4.1 Criteria

4.1.1 Council will provide an indigent subsidy, in line with national government regulations and guidelines, to assist the poorest households in the community to receive a basket of basic municipal services either free or rebated, and thereby make basic municipal services available to all.

4.1.2 Indigent subsidies are available **only to domestic households** where the total income of all occupants over 18 years of age is equal to two state pensions(Old Age or Disability Grants) plus Two Child Grant payments or less than **R4 400 per month** (threshold), as contained in the tariff schedule, as annually determined by Council.

4.1.3 The subsidy will be available **only to households legally occupying premises and legally consuming municipal services**.

4.1.4 All other consumers who are not households as mentioned above, **do not qualify to be recognised as an Indigent Household**.

4.2 Funding

4.2.1 The source of funding for the indigent subsidy is the Equitable Share contribution to the Municipality made by the government from the National Treasury. Council will determine the subsidy amount or percentage, per service category, per household, on a year-to-year basis, taking into account the Equitable Share allocation. The subsidy allocation must be contained in the tariff schedule and must be reviewed annually with the annual budget and tariffs.

4.2.2 The subsidy will be widely publicised by the Council, the Municipality and civil society structures.

4.3 Services

4.3.1 Monthly subsidised services will be as follows:

- refuse removal;
- sewerage.

4.3.2 Subsidised services, on a free basic service (consumption basis) will be the following:

- electricity (50kWh);

- water (**6 kl**).
- Property Rates will be dealt with as per Rates Policy as per exemption of **R15 000** per property.

4.3.3 Households that qualify for an indigent subsidy

i) will be required to consent to a prepayment electricity meter, the cost of which will be recovered as a surcharge on their subsequent electricity coupon cost; or a cash payment by the household;

- The owner will be required to consent to a prepayment electricity meter, the cost of which will be recovered as a cash payment by the owner, in those cases where the household is a tenant.

ii) Households that exceed 6 kl of water per month and are in arrears will have a restriction apparatus fitted to their water supply.

iii) Households that exceed the 50kWh of electricity per month and are in arrears will have their electricity suspended.

iv) Indigent households who's property valuation exceeds R15 000 will have to pay the difference in property rates.

4.3.4 The indigent debtor will be responsible for payment of the difference or access consumption between the subsidy received and the standard consumption used by the indigent debtor.

4.4 Household Eligibility

4.4.1 Households become eligible for the rebate through an approved application, annually, on a specific Municipal application form, after which screening and ongoing auditing will occur. This form will require at least the following data:

- Information of owner of household;
- Physical and postal address;

- Telephone details (if applicable);
- A list of all persons in the household, names and ages;
- Listed gross monthly income of all adults (over 18), with proof (pay slip, grant proof, etc);
- Ownership of business or second properties;
- Confirmation that he/she has had Municipality's Indigent subsidy explained to them; that they are aware that the provision of fraudulent information is an offence;
- In the case of claims of unemployment amongst adults, proof attested by the Department of Labour in this regard must be attached.

4.5 Exclusion

A household will be excluded from the subsidy if:

4.5.1 the household head owns a business

4.5.2 the household head owns a second property;

4.5.3 the application was filled in dishonestly;

4.5.4 applicant reports a change in his/her circumstances which moves his/her household out of the eligibility brackets in clause 4.1.2;

4.5.5 an arrangement to pay arrears over time falls months or more into arrears with their current account and their current arrangement in dishonoured;

4.5.6 ongoing audits suggest improvements in the financial circumstances of the household moving it out of the eligibility brackets in clause 4.1.2.

4.5.7 the house is rented to someone who does not qualify or a shop is opened up it will lead to immediate disqualification.

4.6 Investigation

4.6.1 The Municipality reserves the right to verify the details provided in 4.4.1

4.6.2 The Municipality will undertake an ongoing inspection of the applicant household and any changes in that household's circumstances must be reported.

4.6.3 Applicant must attest to the above before a Commissioner of Oaths and a representative of a civil society structure must attest to the veracity of the application.

4.7 Write-off

Council will not consider, *on an annual basis, the writing off of subsidised existing service arrears at the time of enrolment as an indigent household,*

4.7.1 not for tampering charges

4.7.2 or connection/reconnection fees

4.7.3 or legal/collection cost

4.7.4 or any other fee/instalment in terms of an existing agreement

4.7.5 or for the purpose of selling properties within a period of 24 months after the writing off. The amount that will be required to be paid back by the seller before an clearance certificate will be issued.

4.8 Auditing

The indigent subsidy will be activated after the indigent application has been approved by the Executive Committee of Council or by approval by the Municipal Manager or the Chief Financial Officer. An initial inspection of the applicant household by the Municipality's designated officials must be done within one month of application. Follow-up inspections will be performed, within six months to determine changes in household circumstances.

Such inspections will be conducted by individuals appointed by the Chief Financial Officer to do so and they will make recommendations on whether the subsidy should be continued or discontinued. The Executive Committee of Council, the Municipal Manager or Chief Financial Officer shall decide on the discontinuation of a subsidy.

5. DEBT COLLECTION RELATED TO THE INDIGENT

5.1 Enforcement Mechanisms

5.1.1 Customers who are Indigent and who are in arrears and whose usage on their municipal bill exceeds the predetermined levels, will have their supply of electricity and water, and other municipal services, restricted, blocked, suspended or disconnected.

5.1.2 The Municipality reserves the right to restrict or deny the sale of electricity or water coupons to indigent customers who are in arrears with their rates or other municipal charges.

5.1.3 Upon the liquidation of arrears, or the conclusion of arrangements for instalment payment, the restricted, suspended or disconnected service will be reconnected or unblocked as soon as conveniently possible.

5.1.4 The cost of the restriction, blocking, suspension or disconnection, and the reconnection or unblocking, will be determined by tariffs agreed by Council, and will be payable by the consumer before reconnection.

5.1.5 Households, classified as indigent, will not be handed over for legal processes, including judgement and summonses.

5.1.6 The arrear amount, including the cost of the restriction, blocking, suspension or disconnection, and the reconnection or unblocking, must be transferred to the electricity vending system and collected through the deduction of not less than 20% of electricity purchases.

5.2 Interest

5.2.1 Interest will **NOT** be raised as a charge on **Indigent Households accounts** not paid by the due date.

5.2.2 Interest will NOT be charged on the total outstanding capital balance of the accounts at a rate determined by Council annually as per tariff policy. *See the debt collection policy section that deals with interest*

5.2.3 The decision to waive interest in specific instances can only be taken by the Chief Financial Officer.

5.2.4 The charging of interest will cease from the date the arrear debt is transferred as per 5.1.6 above or when an agreement has been signed with a customer.

5.3 Personal Contact

5.3.1 The Municipality will endeavour, within the constraints of affordability, to make personal or telephonic contact with all arrear debtors to encourage their payment, and to inform them of the state of their arrears, and their rights (if any) to conclude arrangements or to indigent subsidies, and other related matters, and will provide information on how and where to access such arrangements or subsidies.

5.3.2 The cost of the contact, by telephone, e-mail or short message service (sms), will be determined by tariffs agreed by Council, and will be payable by the consumer.

5.3.3 Directorate of Finance shall maintain a schedule of debtors with large amounts outstanding and will maintain intensive contact with these debtors as in 5.3.1.

5.3.4 Such contact is not a right that debtors enjoy – disconnection of services, and other collection proceedings, will continue in the absence of such contact for whatever reason.

6 THEFT AND FRAUD

6.1 Any person (natural or juristic) found to be illegally connected or reconnected to municipal services, tampering with meters, reticulation network or any other supply equipment or committing any unauthorised act associated with the supply of municipal services, as well as theft and damage to Council property, will be liable for penalties as determined from time to time.

6.2 The Municipality will immediately terminate the subsidy and the supply of services to a customer should such conduct as outlined above be detected.

6.3 A customer who has his subsidy terminated as per 6.2 above, will not be eligible for a subsidy for the remaining portion of the current and the following financial year.

6.4 The total bill owing, including penalties, assessment of unauthorised consumption and discontinuation and reconnection fees, and increased deposits as determined by Council if applicable, becomes due and payable before any reconnection can be sanctioned.

6.5 The debt collection process as outlined in the Debt Collection Policy will become applicable.

7 CLEARANCE CERTIFICATES

7.1 Are issued on request by the transferring attorney and on receipt of the applicable fees.

7.2 Are only issued when all amounts due in connection with that property for municipal fees, surcharges on fees, property rates and other municipal taxes, levies and duties have been fully paid.

7.3 Any instalment for rates, refuse and sewerage is immediately payable.

7.4 The Municipality, as owner of municipal property, may issue a clearance certificate provided proper arrangement for the payment of any outstanding amount has been made.

8 REPORTING TO COUNCIL

The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to Council and other interested parties. This report shall reflect on:

8.1 Number of indigent households applied;

8.2 Amount of subsidy allocated per service category;

8.3 Amount of debt accumulating and debt recovery information (numbers of customer; enquires; default arrangement; growth or diminishing of arrear debtors; ideally divided into wards, domestic, state, institutional and other such divisions);

8.4 Performance of all areas against targets agreed to in item 9 of this policy document.

9 PERFORMANCE EVALUATION

9.1 The performance measured will be to identify the number of indigent households and to measure the percentage of these households to whom the Municipality provides assistance.

9.2 Council will create a forum wherein these targets are assessed, Council's performance evaluated and remedial steps taken.

10 BY-LAWS

The principle contained in this policy will be reflected in the various service by-laws as promulgated and amended by Council from time to time.

11 COMMENCEMENT

This policy takes effect on 1 JULY 2019.

EMTHANJENI MUNICIPALITY

MUNICIPAL PROPERTY RATES POLICY

2019/2020 FINANCIAL YEAR

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ABBREVIATIONS

NC073	*Emthanjeni Municipality*
AO	Accounting Officer
CFO	Chief Financial Officer
EM	Executive Mayor
IBT	Inclining Block Tariff
MFMA	Municipal Finance Management Act
MPRA	Municipal Property Rates Act and MPRA Amendments Act
MSA	Municipal Systems Act
NCA	National Credit Act
SAPOA	South African Property Owners Association
SARS	South African Revenue Services
VAT	Value Added Tax

1. PURPOSE OF THIS DOCUMENT

This purpose of this Policy is to set out the guiding principles and legislative requirements that governs the compilation and management of the municipal Valuation Roll. This policy should at all times be read together with the Municipal Property Rates Ac, 2004 AND the Municipal Property Rates Amendments Act, 2015.

2. DEFINITIONS

In this policy, definitions, words and expressions have the same meanings as assigned to them in the Act, unless the context indicates otherwise: –

"Act" – means the Local Government: Municipal Property Rates Act, 2004 (Act No 6 of 2004) and any amendment thereof;

"annually" – means once every financial year;

"business and commercial property" – means -

(a) property used for the activity of buying, selling or trading in commodities or services and includes any office or other accommodation on the same property, the use of which is incidental to such activity; or
(b) property on which the administration of the business of private or public entities take place;
(c) property used for the generation of renewable energy
(d) property used for eco-tourism or for the trading in or hunting of game
(e) property used for transient accommodation such as Guest houses which is used for the purpose of supplying lodging and meals to transient guests for compensation, for non-permanent residents

"Calendar year" shall mean 12 consecutive months of a financial year(s);

"category" –

(a) in relation to a property, means a category of properties determined in this policy in terms of section 8(2) of the Act;
(b) in relation to the owners of property, means a category of owners determined in this policy in terms of section 15(2) of the Act;

"conservation area" –

(a) a protected area as listed in section 10 of the Protected Areas Act, 2003;
(b) a nature reserve established in accordance with the Nature and Environment Conservation Ordinance, no 19 of 1974; or
(c) any land area zoned as open area zone III in accordance with the Municipality's zoning scheme regulations;

provided that such protected areas, nature reserves or land areas, with the exception of tourism facilities that may be erected thereupon, be used exclusively for the conservation of

the fauna and flora and the products of those land areas may not be traded for commercial gain;

"dominant use"

Pursuant to section 3 (3) (d) of the Act, it is the policy of the municipality to exercise its powers in terms of section 9(1) of the Act in relation to properties used for multiple purposes by assigning a property use for the multiple purpose to a category based on the purpose corresponding with the **dominant used of** the property where such dominant use is either industrial or Commercial. Where the dominant use is any other, the property will be valued and rated using the apportionment in terms of section 9(2) of the Act.

"exclusion" – in relation to a Municipality's rating power, means a restriction of that power as provided for in

section 16 is the matter for exercising power whereas section 17 of the Act is the exclusion; Section 17 prescribed exclusions as outline in the Act will apply

"exemption" - in respect of the calculation of a rate means an exemption granted in this policy in terms of section 15(1)(a) of the Act;

"farm property or small holding used for agricultural purpose" – means:

(a) property that is used for the cultivation of soils for purposes of planting and gathering in of crops;

(b) forestry in the context of the planting or growing of trees in a managed and structured fashion;

(c) the rearing of livestock or the propagation and harvesting of fish;

and may include such properties within the urban edge of the town, but excludes:

(a) the use of a property for the purpose of eco-tourism;

(ii) the trading in hunting of game;

(iii) accommodation of members of the public for gain;

(iv) any portion of the property used for the purposes of hospitality of guests or other commercial activities concomitant to the exclusions listed herein

"Renewable Solar Energy farm or property" – means agricultural land as defined in the Subdivision of Agricultural Land Act, 70 of 1970, on which energy producing solar energy panels have been erected for the purpose of generating electricity, but which are dually used for agricultural purposes as defined under "agricultural use", which are dually utilised and includes all land situated in the demarcated municipal area.

"Wind Farms" – means agricultural land as defined in the Subdivision of Agricultural Land Act, 70 of 1970, on which energy-producing windmills or wind turbines have been erected for the purpose of generating electricity, but which are dually used for agricultural purposes as defined under "agricultural use", and includes all land situated in the demarcated municipal area.

"financial year" – the period starting from 1 July in a year to 30 June the following year;

"industrial property" – means property used for construction, repair, trade or manufacturing, production, assembly or processing of finished or partially finished products from raw materials or fabricated parts on such a large scale that capital and labour are significantly involved, and includes any office or other accommodation on the same property, the use of which is incidental to such activity;

"local community" – in relation to the Municipality –

(a) means that body of persons comprising –
   (i) the residents of the Municipality;
   (ii) the rate payers of the Municipality;
   (iii) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the Municipality; and
   (iv) visitors and other people residing outside the Municipality, who, because of their presence in the Municipality, make use of services or facilities provided by the Municipality; and

"local Municipality" – a Municipality that shares municipal executive and legislative authority in its area with a district Municipality within whose area it falls and which is described in section 155(1) of the Constitution as a category B Municipality;

"market value" – in relation to a property, means the value of the property determined in accordance with section 46 of the Act;

"multiple purposes" – in relation to a property, means the use of a property for more than one purpose as intended in section 9 of the Act;

"municipal council" or **"council"** – is a municipal council referred to in section 18 of the Municipal Structures Act, 1998 (Act No 117 of 1998);

"municipal manager" – means a person appointed in terms of section 82 of the Municipal Structures Act, 1998 (Act No 117 of 1998);

"municipal property" – is property registered or established in the name of the Emthanjeni Municipality including investment property in the Fixed Asset Register vs Vesting Property: substance over form;

"occupier" – in respect of a property means a person in actual occupation of a property, whether or not that person has a right to occupy the property;

"open space" - means land that is used as a park, garden, for passive leisure or maintained in its natural state and that is zoned as open space;

"owner"- includes sections (bA)(bB)(bC) of the Amendments MPRA Act

(a) in relation to a property referred to in paragraph (*a*) of the definition of "property", means a person in whose name ownership of the property is registered;

(b) in relation to a right referred to paragraph (*b*) of the definition of "property" means a person in whose name the right is registered;

(c) in relation to a land tenure right referred to in paragraph (*c*) of the definition of "property" means a person in whose name the right is registered or to whom it was granted in terms of legislation; or

(d) in relation to public service infrastructure referred to in paragraph (*d*) of the definition of "property", means the organ of state which owns or controls that public service infrastructure, as envisaged in the definition in the Act of the term "publicly controlled" provided that a person mentioned below may for the purposes of this Act be regarded by a Municipality as the owner of a property in the following cases:-

(i) a trustee, in the case of a property in a trust, excluding state trust land;

(ii) an executor or administrator, in the case of a property in a deceased estate (the applicant must produce a letter from the Master of the Court or appropriate legal proof to substantiate the appointment);

(iii) a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;

(iv) a judicial manager, in the case of a property in the estate of a person under judicial management;

(v) a curator, in the case of a property in the estate of a person under curatorship;

(vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude (the applicant must produce a letter from the Master of the Court or appropriate legal proof to substantiate the appointment);

(vii) a lessee, in the case of a property that is registered in the name of a Municipality and is leased by it;

(viii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

"permitted use" – in respect of a property means the limited purposes for which a property may be used in terms of the following –

(a) any restrictions imposed by –
  (i) a condition of title; or
  (ii) a provision of a town planning or land use scheme; or
  (iii) any legislation applicable to any specific property or properties; or
(b) any alleviation of any such restrictions;

"private open space" means land that is privately owned and used for practising of sport, play- or leisure facilities or used as a botanical garden, cemetery or nature area and which is zoned as Private Open Space;

"property" – means

(a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
(b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
(c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
(d) public services infrastructure;

"property register" – a register of properties referred to in section 23 of the Act;

"public benefits organisation" means an organisation conducting specified public benefit activities as defined in the act and registered in terms of the Income Tax Act for tax reductions because of tis activities.

"rate" – a municipal rate on a property envisaged in section 229(1)(a) of the Constitution;

"rateable property" – means property on which a Municipality may in terms of section 2 of the Act levy a rate, excluding property fully excluded from the levying of rates in terms of section 17 of the Act;

"rebate" – in relation to a rate payable on a property, means a discount granted in terms of section 15(1)(b) of the Act on the amount of the rate payable on the property;

"reduction" - in respect of a rate payable on a property, means the lowering in terms of section 15(1)(b of the amount for which the property was valued and the rating of that property at that lower amount;

"residential property" – means <u>improved</u> property that:-

(a) is used for residential purposes, including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property.

(b) is a unit registered in terms of the Sectional Title Act, 1986, (Act no.95 0f 1986) and is used predominantly for residential purposes;

(c) is owned by a share-block company and is used predominantly for residential purposes;

(d) is a residence used for residential purposes situated on a property used for educational purposes;

(e) is property which is included as residential in a valuation list in terms of section 48(2)(b) of the Act;

Vacant properties (empty stands), hotels, hostels, old-age homes and accommodation establishments, irrespective of their zoning or intended use, specifically excluded from this property category;

"small holding" - means

(a) all agricultural zoned land units situated within an urban region with an area of one to three hectares; or

(b) any agricultural zoned land unit situated outside an urban region with an area of three hectares or less;

"public service infrastructure" – means publicly controlled infrastructure of the following kinds as defined in the Act.

"public services purposes" – property owned and used by an organ of state for rendering of a service directly to the public such as Health, education, police stations, court of law **but** exclude property contemplated in the definition of **"Public Service Infrastructure"**

"Property used by Organ of State" – excludes any properties owned and used by an organ of state (excluding Emthanjeni Municipality) and Not used for public service purposes as defined in the Act

"vacant property" – means any land without any fixed or permanent improvements or immovable improvables thereon excepts when such improvements are to secure the property such as a boundary wall.

"Valuation roll" - means the general valuation roll 2018 with effective date 01 July 2017 and date of valuation 01 July 2016

3. OBJECTIVES OF THE POLICY

The objectives of this policy are: –

3.1 to comply with the provisions of section 3 of the Act;

3.2 to determine criteria to be applied for –

3.2.1 levying differential rates for different property categories;
3.2.2 exemptions;
3.2.3 reductions;
3.2.4 rebates; and
3.2.5 rate increases.

3.3 to determine or provide criteria for the determination of the following –

3.3.1 property categories for the purpose of levying different rates; and
3.3.2 categories of owners of properties for the purpose of granting exemptions, rebates and reductions;

3.4 to determine how the Municipality's power should be exercised in terms of multiple-used properties;

3.5 to identify and quantify the following for the Municipality in terms of costs and the benefit for the community

3.5.1 exemptions, rebates and reductions; and
3.5.2 exclusions.

3.6 to take into account the effect of rates on the indigent;

3.7 to take into account the effect of rates on organisations that perform activities for public benefit;

3.8 to take into account the effect of rates on the public services infrastructure;

3.9 to determine measures for promoting local economic and social development; and

3.10 to identify all rateable property.

4. CONSTITUTIONAL AND LEGAL FRAMEWORK

The Municipal Property Rates Act, 2004 forms the legal basis of this policy. However, the following additional legal references were observed during the compilation of this policy:-

- Municipal Finance Management Act, 2003;
- Municipal Systems Act, 2000;
- Municipal Property Rates Policy, as reviewed annually;
- Rates By-law and
- Constitution of the Republic of South Africa, 1996 as amended.

5. EFFECTIVE DATE

The policy will take effect on 01 July 2019

6. POLICY PRINCIPLES

6.1 Apart from meeting legislative requirements, this policy also emanates from the objectives determined in Council's Tariff policy.

6.2 The levying of rates on a property is an exclusive right of the Municipality which will be exercised:–

6.2.1 optimally and comprehensively within the Municipality; and

6.2.2 with consideration of the total revenue source of the Municipality.

6.3 The rating of properties will be done independently, justly, equitably and without prejudice and this principle will also be applied with the determination of criteria for exemptions, reductions and rebates as provided for in section 15 of the Act.

6.4 The levying of property rates must be implemented in such a way that,

6.4.1 it is aimed at development;

6.4.2 it promotes sustainable local government by providing a stable and constant revenue source within the discretionary control of the Municipality; and

6.4.3 it promotes economic, social and local development.

6.5 Property rates will be levied to: –

6.5.1 correct the imbalances of the past; and

6.5.2 minimise the effect of rates on the indigent.

6.6 The market value of a property serves as basis for the calculation of property rates.

6.7 The rate tariff will be based on the value of all rateable properties, as per general valuation roll 2018 and supplementary valuation rolls applicable, and the amount the Municipality needs to fund community and subsidised services, after taking into account any possible surplus generated from trading and economic services and the amounts required to finance exemptions, rebates and reductions of rate, as approved by council from time to time.

6.8 Trade and economic services will be financially ring fenced and tariffs and service charges will as far as possible be calculated in such a way that the revenue generated covers the cost of the services or generate a surplus.

6.9 The provision for operating capital and bad debt must be related to community and subsidised services and must not include any provisions in respect of trade and economic services.

6.10 Property rates will be used to finance institutional functions, community and infrastructural services

6.11 Surpluses from trade and economic services may be used to subsidise community and subsidised services.

6.12 The revenue basis of the Municipality will be optimally protected by limiting the exemptions, rebates and reductions.

7. CATEGORIES OF PROPERTIES

7.1 Subject to section 19 of the Act, Emthanjeni Municipality may, in terms of the criteria set out in its rates policy, levy different rates for different categories of rateable properties, which may include categories determined according to the –

7.1.1 Predominant use of the property;

7.1.2 permitted use of the property; or

7.1.3 geographical area in which the property is situated.

7.2 Categories of rateable property that may be determined will take effect on 01 July 2018 include the following: –

7.2.1 residential (improved property);

7.2.2 property that is vacant (empty stands) with zoning or proposed use earmarked for residential;

7.2.3 property that is vacant (empty stands) with zoning or proposed use earmarked for industrial, business or commercial;

7.2.4 industrial;

7.2.5 business, commercial; guest houses

7.2.6 farm properties used for –

7.2.6.1 agricultural purposes as defined under definitions;

7.2.6.2 residential purposes as defined under definitions;

7.2.6.3 Farms Commercial or Industrial under definitions

7.2.7 farm properties not used for any purpose;

7.2.8 smallholdings used for –

7.2.8.1 agricultural purposes;

7.2.8.2 residential purposes;

7.2.8.3 industrial purposes;

7.2.8.4 commercial and business purposes; or

7.2.8.5 purposes other than those specified in subparagraphs (8.3.8.1) to (8.3.8.4).

7.2.9 state-owned property and public service purpose;

7.2.10 municipal property; also municipal leased house or RDP houses awaiting transfer will be categorised to residential and is property registered or established in the name of the Emthanjeni Municipality including investment property in the Fixed Asset Register vs Vesting Property: substance over form;

7.2.11 public services infrastructure (PSI);

7.2.12 properties:

7.2.12.1 acquired through the Provision of Land and Assistance Act, 1993 (Act No 126 of 1993) or the Restitution of Land Rights Act, 1994 (Act No 22 of 1994); or

7.2.12.2 which is subject to the Communal Property Associations Act, 1996 (Act No 28 of 1996);

7.2.13 properties: places of worship (churches, mosques, synagogue's, etc.)

7.2.14 properties: places of worship (churches, mosques, synagogue's, etc.)- vacant property

7.2.15 protected areas;

7.2.16 properties owned by public benefit organisations and used for any specific public benefit activities listed in Part 1 of the Ninth Schedule to the Income Tax Act, 1962 (Act No 58 of 1962);

7.2.17 **properties used for multiple purposes, subject to section 9 of the Act;**

7.2.18 private open space; and

7.2.19 such other categories as may be determined by the council from time to time can only be done in this policy.

8. EXEMPTIONS

8.1 Categories of properties

8.1.1 The following property categories are exempt from the payment of property rates: –

8.1.2 Municipal properties are exempted from paying property rates.

8.1.2.1 Residential properties

All residential property with a market value of less than the amount as annually determined by the Municipality, are exempted from paying property rates. The exemption of R28 000 contemplated in terms of section 17(1)(h) of the Act and can be supplemented by council based on affordability, ratepayer profile and the municipality's predetermined level of support to the poor.

8.1.2.2 Public Service Infrastructure

Is exempted from paying rates as it provides essential services to the community.

8.1.2.3 Public Benefit Organisations –

Public Benefit Organisation Property~~ means property owned by public benefit organisations and used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care), and item 4 (education and development) of part 1 of the Ninth Schedule to the Income Tax Act.~~ The current property rates levy ratio of (1:0.25) in relation to residential property and PBO will be applicable.

8.1.2.4 A rate-exemption certificate issued by the South African Revenue Service (SARS), as contemplated in terms of Part 1 of the Ninth Schedule to the Income Tax Act, 1962 (Act No 58 of 1962), may be submitted together with the application.

8.1.2.5 The Municipality retains the right to refuse the application for exemption if the details supplied in the application were incomplete, incorrect or false.

8.2 Impermissible Rates

In terms of section 17(1) of the Property Rates Act, 2004, the Municipality may, inter alia, not levy rates: –

8.2.1 on those parts of a special nature reserve, national park or nature reserve within the

meaning of the National Environmental Management: Protected Areas Act, 2003 (Act No 57 of 2003), or of a national botanical garden within the meaning of the National Environmental Management Biodiversity Act, 2004 (Act No 10 of 2004), which are not developed or used for commercial, business, residential or agricultural purposes.

8.2.2 on mineral rights within the meaning of paragraph (b) of the definition for "property" in section 1 of the Act.

8.2.3 on a property belonging to a land reform beneficiary or his or her heirs, provided that the exclusion lapses ten years from the date on which such beneficiary's title was registered in the Deeds register.

8.2.4 on a property registered in the name of and primarily used as a place of public worship, including an official residence registered in the name of the church that is occupied by an office-bearer who acts as officiant of the church.

9. REBATES

9.1 Categories of properties

12.1. a Residential properties

The Municipality grants all residential properties a further rebate of R13 000 on the valuation of property. In other words, a total amount of R28 000 will be subtracted from the market value of the residential property. ***(i.e When the Market value of the residential property is R228 000, then the rate payer will only pay rates and taxes on a market value of R200 000 (R228 000 less R28 000).***

This clause must be read in conjunction with par 11.1.1.3

9.1.1 Business, commercial and industrial properties

9.1.1.1 The Municipality may grant rebates to rateable undertakings that promote local, social or economic development within the municipal jurisdiction. The following criteria will apply: –

(a) job creation in the municipal area;

(b) social upliftment of the local community; and

(c) creation of infrastructure for the benefit of the community.

9.1.1.2 Rebates will be granted on application subject to: -

(a) a business plan issued by the directors of the company indicating how the local, social and economic development objectives of the Municipality are going to be met;

(b) a continuation plan issued by the directors and certified by the auditors stating that the objectives have been met and how they plan to continue meeting the objectives; and

(c) an assessment by the municipal manager or his/her nominee indicating that the company qualifies.

9.1.1.3 Council will consider all LED requests on an individual basis according to merits.

9.1.2 Rebate on agricultural property

9.1.2.1 the Municipality grants additional rates rebate (as set out below) in respect of properties used for agricultural purposes only, after which the current property rates levy ratio of (1:0.25) is applied, which is the applicable rate for properties used for agricultural purposes

Financial Year	***% Percentage Rebate***	***Application due date***
2017/2018	25%	31 August 2017
2018/2019	**18%**	**31 August 2018**
2019/2020	10%; An additional 20% will be granted to account holders with no arrears on their municipal rates account or those consumers who wish to settle their arrears.	31 August 2019
2020 onwards	Rebate remains at 10%	31 August 2020

9.1.2.2 In terms of section 84 of the Act the Minister for Provincial and Local Government, and in concurrence with the Minister of Finance as required through section 19 of the Act, may determine that a rate levied by council on a category of non-residential property may not exceed a prescribed ratio to the tariff levied on residential properties. Before the start of 2009/2010 financial year the Minister had promulgated a ratio of 1:0.25 which remains unchanged for the 2019/2020 financial year.

9.1.2.3 The granting of additional rebates is subject to the following: –

(a) All applications must be addressed in writing to the Municipal Manager indicating how service delivery and development obligations of the Municipality and contribution to the social and economic welfare of farm workers were met. This application will be required as a once-off requirement;

(b) Any new applications must be addressed in writing to the Municipality by 31 August of the financial year in respect of which the application is made. Applications are only valid for one financial year.

(c) Council reserves the right to send officials or its agents on an annual basis to premises/households receiving relief for the purposes of conducting an on-site audit of the details supplied. The onus also rests on recipients to immediately notify Council of any changes in their original applications; and

(d) The Municipality retains the right to refuse applications for rebates if the details supplied in the application form were incomplete, incorrect or false.

No other rebates will be granted to properties that qualify for the agricultural rebate. In order to avoid doubt, properties that qualify for the agricultural rebate will not be entitled

to the residential rate exemption as set out in paragraph 11.1.1.2 of this policy. The rates account must be paid up to date otherwise the application will be unsuccessful.

9.1.2.4 Rebates on Public Benefit Organisations

The Municipality may grants additional rates rebate in respect of properties owned by public benefit organisations and used for any specific benefit activities listed in Part 1 of the Nine Schedule to the Income Tax Act, after to the current property rates levy ratio of (1:0.25) is applied. Applications received after 31 August for the financial year in respect of which the application is made will only not be considered. The rates account must be paid up to date otherwise the application will be unsuccessful.

9.1.2.5 Rebates will be granted on prescribed application form.

Rebate applications will only be considered upon receipt of the completed prescribed form and supporting documentation.

9.1.2.6Rebates will **only be granted on properties owned by the municipality and vacant municipal properties** which are sold to development or purchase subject to the conditions below.

Proper buildings and plants must be erected within six months after registration at the deeds office. Construction must be completed within one year in order to qualify for rates rebates. Failure to complete construction on these properties within one year after registration of properties at the deeds office, the municipality will used the building plans amount as a basis of municipal property valuation, and levy the properties accordingly.

Rebates will only be granted on vacant municipal land. The rebates will be implemented as follows:

First Year (Year 1)

A rebate of 100% on the municipal value will be allowed to these properties.

Second Year (Year 2)

A rebate of 100% on the municipal value will be allowed to these properties.

Third Year (Year 3)

A rebate of 60% on the municipal value will be allowed to these properties.

Fourth Year (Year 4)

A rebate of 40% on the municipal value will be allowed to these properties.

Fifth Year (Year 5)

A rebate of 20% on the municipal value will be allowed to these properties.

Sixth Year (Year 6)

A rebate of 0% on the municipal value will be allowed to these properties.

The rebates will be applicable on all these municipal properties where development has taken place since 01 July 2012.

10. Categories of Owners

10.1.1 Indigent owners -.

The owners that qualify and are registered indigents in terms of the Municipality's policy for indigents receive a rebate on the payment of rates as specified in the Municipality's policy for indigents.

10.1.2 Rebates for retired and disabled persons

10.1.2.1 Retired and disabled persons qualify for special rebates in accordance with their monthly household income. Property owners who meet the following requirements may apply for a rebate:–

(a) The property must be registered in the name of the applicant or the usufruct of the property must be established in the name of the applicant.

(b) The owner must be at least sixty (65) years of age and total gross monthly income or earnings must not exceed

(i) an amount of R5 200 to qualify for a 50% rates rebate

(ii) an amount of R5 950 to qualify for a 45% rates rebate

(iii) an amount of R6 750 to qualify for a 40% rates rebate

(c) The property owner may not be the owner of more than one property.

(d) The owner must occupy the relevant property. Where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.

(e) In the case of a semi-detached house, of which a section is rented out, only the rates paid on that section occupied by the owner is subject to rebates.

10.1.2.2 Property owners must apply annually for a rebate on a prescribed form as stipulated by the Municipality, and these applications must reach the Municipality by 30 September of the financial year in respect of which rates are levied. If the rebate applied for is granted, the rebate will apply for the full financial year. Applications received after 30 September for the financial year in respect of which the application is made will only be applied for the

remainder of that financial year if approved.

10.1.2.3 The Municipality retains the right to refuse the granting of rebates if the details supplied in the application were incomplete, incorrect or false.

10.1.2.4 In the case of where the property has been sold during the financial year and where rebates have been granted, the rebates amount will be written back or debited against the account of the owner. The rebate will be forfeited.

10.1.2.5 Applications for rebates must be completed on the official Emthanjeni Municipality's Rebate application form and must be accompanied by the following information: –

(a) a certified copy of the identity document of the owner or any other proof of the owner's age which is acceptable to the Municipality;

(b) sufficient proof of income of the owner and the his/her spouse;

(c) an affidavit from the owner;

(d) if the owner is a disabled person, satisfactory proof submitted to the Municipality that the relevant person receives a disability pension payable by the state.

11. REDUCTIONS

11.1 Reductions as contemplated in section 15 of the Act will be considered on an ad-hoc basis in the event of the following:-

11.1.1 Partial or total destruction of a property; or

11.1.2 Disasters as defined in the Disaster Management Act, 2002 (Act 57 of 2002).

11.2 The following conditions shall be applicable in respect of clause 13.1:-

11.2.1 The owner of the property referred to in clause 13.1.1 shall apply in writing for a reduction and the onus will rest on such applicant to prove to the satisfaction of the Municipality that his property has been totally or partially destroyed. He/ she will also have to indicate to what extent the property can still be used and the impact on the value of the property.

11.2.2 Owners of property referred to in clause 13.1.2 will only qualify for a rebate if affected by a disaster as referred to in the Disaster Management Act, 2002 (Act No. 57 of 2002).

11.2.3 A maximum reduction to be determined on an annual basis shall be allowed in respect of both clauses 13.1.1 and 13.1.2. .

11.2.4 An ad-hoc reduction will not be given for a period in excess of 6 months, unless the Municipality gives further extension on application.

11.2.5 If rates were paid in advance prior to granting of a reduction the Municipality will credit the account of the owner as from the date of reduction.

11.2.6 The CFO in consultation with the Executive Committee will determine the percentage (%) of reduction in rates levy applicable to the damage caused by these properties.

12. COST OF EXEMPTIONS, REBATES AND REDUCTIONS

12.1 The chief financial officer must inform council during the budgeting process of all the costs associated with the proposed exemptions, rebates, reductions, phasing-in of rates and grants in the place of rates.

12.2 Provision must be made on the operating budget for –

12.2.1 the full potential revenue associated with property rates; and

12.2.2 the full cost associated with exemptions, rebates and reductions.

13. MULTIPLE USE OF PROPERTIES

Properties used for multiple purposes which for example do not fall within the definition of Residential Properties and, accordingly, do not qualify for the residential rate, may be included into the category of multiple-use properties, as per section 9 (1) (c) of the Property Rates Act, for which an apportionment of value for each distinct use of the property will be calculated by the municipal valuer and used for billing at the appropriate and applicable rate, in cases where the municipal valuer considers it reasonable to apply this category as per section 9 (1) (c) of the Property Rates Act.

14. PROPERTY REGISTER

14.1 A property register, divided into Sections A and B, regarding all properties in the municipal area of jurisdiction, must be compiled and maintained by the Municipality.

14.2 Section A of the register will consist of the current valuation roll of the Municipality and will include all supplementary valuations, as done from time to time.

14.3 Section B of the register will specify which properties on the valuation roll or any supplementary valuation roll are subject to: –

14.3.1 exemption from rates in terms of section 15 of the Act;

14.3.2 a reduction or rebate in terms of section 15 of the Act;

14.3.3 the phasing in of tariffs in terms of section 21 of the Act; and

14.3.4 exclusions as referred to in section 17 of the Act.

14.4 The register will be open for inspection by the public during office hours at the head office of the Municipality or on the internet website of the Municipality.

14.5 Section A of the register will be updated at least annually by the Municipality during the supplementary valuation process.

14.6 Section B of the register will be updated annually as part of the implementation of the Municipality's annual budget.

15. NOTIFICATION OF RATES

15.1 Rates will be effective from 01 July after Government Gazette publication.

16. CONSULTATION PROCESS

16.1 Council undertakes a new valuation in terms of the Act, a consultation process involving all interest groups will be undertaken during which the purpose and method of valuation will be explained.

16.2 Before the Municipality accepts the rates policy the municipal manager will follow a process of public participation, as prescribed in chapter 4 of the Municipal Systems Act, and comply with the following requirements: –

16.2.1 Display the Final property rates policy continuously for a period of thirty (30) days at the Municipality's head office, satellite offices and on the website.

16.2.2 Publish a notice in the media stating that the Final property rates policy was compiled for submission to council and that such a policy is available at the different municipal offices and on the website for public inspection.

16.2.3 Property owners and interested persons may obtain a copy of the Final policy from the municipal office during office hours at a prescribed cost per copy.

16.2.4 Property owners and interested parties are invited to address written suggestions or representations to the Municipality within the period prescribed in the notice.

16.2.5 Council will consider all suggestions and/or representations received during the Finalisation of the property rates policy.

17. FURNISHING OF ACCOUNTS

17.1 The Municipality will furnish each person liable for the payment of a rate with an written account, specifying: -

17.1.1 the amount due for rates payable;

17.1.2 the date on or before which the amount is payable;

17.1.3 how the amount was calculated;

17.1.4 the market value of the property; and

17.1.5 exemptions, reductions and rebates or the phasing-in of rates, if applicable.

17.2 A person liable for the payment of rates remains liable for payment, whether or not that person has received a written account from the Municipality, enquiries must be addressed to the Municipality by such a person who has not received a written account.

17.3 In the case of joint ownership the Municipality will, upon request, furnish written accounts

to one or more individual owners.

18. PAYMENT OF RATES

18.1 Council may claim the payment of rates: -

18.1.1 on a monthly basis; or

18.1.2 annually before 30 September of each year.

18.2 Rate payers may choose to pay rates in one instalment annually on or before 30 September of each year. The property owner must notify the municipal manager or his/her nominee by no later than 30 June in any financial year, or such later date in the financial year as determined by the Municipality, that he/she wishes to pay all rates in respect of such a property in annual instalments, after which such an owner shall be entitled to pay all rates in the subsequent financial year and all subsequent financial years annually until he/she withdraws this notice in similar manner.

18.3 In the case of joint ownership the Municipality may, in order to limit costs and prevent unnecessary administration, recover the rates continuously from one of the joint owners.

18.4 If a rate is payable: -

18.4.1 in a single amount annually, it must be paid on or before a date determined by the Municipality.

18.4.2 in instalments, it must be paid on or before a date in each period determined by the Municipality.

18.5 Interest on rates in arrears, whether paid annually or in equal monthly instalments, shall be calculated in accordance with the provisions of the Municipality's policy on credit control and debt collection.

18.6 If a property owner who in terms of this policy is liable for the payment of property rates fails to pay such rates in the prescribed manner, it will be recovered from him/her in accordance with the provisions of the Municipality's by-law on credit control and debt collection.

18.7 Rates in arrears shall be recovered from tenants, occupiers and agents of the owner in terms of section 28 and 29 of the Act and the Municipality's policy on credit control and debt collection.

18.8 In the event of rates levied emanating from a supplementary valuation, payment thereof will be according to the date determined by the Municipality and payment thereof may not

be withheld pending an objection or appeal as determined by section 78(2) of the Act.

18.9 In the event that a property has been transferred to a new owner and rates emanating from a supplementary valuation become due and payable, the owner on date of the levy will be held responsible for the settlement of the interim rates account.

18.10 Where the rates on a specific property have been incorrectly determined, whether because of an error or omission on the part of the Municipality, or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be adjusted retrospectively for the period of the date on which the error or omission is detected, back to the date on which rates were first levied in terms of the current valuation roll.

18.11 Where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

18.12 Rates Clearance Certificates:-

18.12.1 will be valid for up to end of the financial year, 30 June 20___;

18.12.2 No clearance certificates will be issued for part of the financial year, only up and till the end of the financial year

no extension on a certificate will be granted. If it expires a new application for clearance must be made;

19. FREQUENCY OF VALUATIONS

19.1 The Municipality shall prepare a new valuation roll at least every five (5) years as stated in the Amendments to the Municipal Property Rates Act. **The latest General Valuation Roll 2018 will become effective on 01 July 2018.** ***See the Property rates bylaw adopted on 31 May 2018.***

19.2 In accordance with the Act the Municipality, under exceptional circumstances, may request the MEC for Local Government and Housing, to extend the validity of the valuation roll to five (7) years.

19.3 Supplementary valuations shall be done on a continual basis, but at least once financial year, in order to ensure that the valuation roll is maintained.

20. REVIEW PROCESS

The Property Rates Policy must be reviewed on an annual basis to ensure that it complies with the strategic objectives of the Municipality, as stipulated in the Integrated Development Plan and other applicable legislation.

21. IMPLEMENTATION

This policy will comes into effect on 1 July 2019.

EMTHANJENI MUNICIPALITY



FINAL SCM POLICY

BUDGET 2019/2020 FINANCIAL YEAR

MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY

LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003

Date of adoption:

Original	:	[29 September 2005]
1st Review	:	[15 October 2009]
2nd Review	:	[5 May 2011]
3rd Review	:	[31 May 2012]
4th Review	:	[31 May 2013]
5th Review	:	[31 May 2014]
6th Review	:	[28 May 2015]
7TH Review	:	[31 May 2016]
8TH Review	:	[31 May 2018]
9TH Review	:	[31 May 2019]

Emthanjeni Local Council resolves in terms of Section 111 of the Local Government Municipal Finance Management Act (No. 56 of 2003), to adopt the following proposal as the Supply Chain Management Policy of Emthanjeni Local Municipality.

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1. DEFINITIONS

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and –

"Accounting officer" means the Accounting Officer referred to in section 60 of the Municipal Finance Management Act, No. 56 of 2003, in relation to a municipal entity, means the official referred to in section 93, and includes a person acting as the accounting officer.

"Accredited Agent' means a provider who is authorized to deliver certain goods / services and can be trading in a specific area, however, an accredited agent is not a sole provider.

"**accredited"** means goods / services that are officially recognized, are generally accepted or having a guaranteed quality.

"black people; is as generic term which means Africans, Coloureds and Indians as defined in the Broad-Based Black Empowerment Act (No. 53 of 2003);

"competitive bid" means a bid in terms of a competitive bidding process;

"competitive bidding process" means procurement above a transaction value of R200 000 (including VAT) and long term contracts.

"competitive bidding process" means a competitive bidding process referred to in paragraph 12 (1) (d) of this Policy;

"emergency procurement" emergency cases are cases where immediate action is necessary in order to avoid dangerous or risky situation (life threatening) or misery such as floods or fires.

"exceptional / urgent cases" exceptional cases are cases where early delivery is of critical importance and the invitation of competitive bids is either impossible or impractical.

However a lack of proper planning should not be constituted as an urgent case subject To the approval of the Accounting Officer. The nature of the urgency and the details of the justifiable procurement must be recorded and the AO to approve.

"Exempted Micro Enterprise" [EME's] Enterprises with an annual total revenue of R5 million or less [all taxes included] for goods and services. Sector charters have been developed for the Tourism and Construction industry where thresholds of Rand 2.5 million and Rand 1.5 million respectively have been established.

"final award", in relation to bids or quotations submitted for a contract, means **bids or quotations submitted for a contract, means the final decision on which-bid or quote to accept;**

"formal written price quotation" means quotations referred to in paragraph 12 (1) (c) of this Policy;

"Fruitless expenditure"-**expenditure made in vain and could have been avoided if reasonable care taken;**

"final award", in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;

"formal written price quotation" means quotations for procurement of transaction value of over R10 000 up to R200 000

"in the service of the state" means to be –

(a) a member of –
    (i) any municipal Council;
    (ii) any provincial legislature; or
    (iii) the National Assembly or the National Council of Provinces;
(b) a member of the board of directors of any municipal entity;
(c) an official of any municipality or municipal entity;
(d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
(e) a member of the accounting authority of any national or provincial public entity; or
(f) an employee of Parliament or a provincial legislature;

" **Irregular expenditure**"-expenditure incurred that is not in accordance with a requirement of a SCM policy of the municipality or by-laws giving effect to such a policy/eg. Unsolicited bids

"long term contract" means a contract with a duration period exceeding one year;

"list of accredited prospective providers" means the list of accredited prospective providers which the **municipality must** keep;

"other applicable legislation" means any other legislation applicable to municipal supply chain management, including –

(a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);

(b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and

(c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);

"**Sole Provider**"-means a provider of specialized or exclusive goods/services who has a sole distribution / patent /manufacturing rights and copy rights.

"Transversal contract" means a contract arranged for more then one dept/mun or for more than one level of government eg. National and Provincial Government.

(d) Circular issued dated 08 December 2011 by Minister of Trade and Industry and other related circulars issued

"Treasury guidelines" means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act;

"the Act" means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

"the Regulations" means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005, and also Circular 1/2/1/2/2 that deals with Insurance and validity of Broad Based Black Economic Empowerment(B-BBEE) Status Level Certificates in respect of Exempted Micro Enterprises (EMEs)

"the Treasury Circulars" means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005, Circular1/2/1/2/2 that deals with Issuance and validity of Broad Based Black Economic Empowerment(B-BBEE)

Status Level Certificates in respect of Exempted Micro Enterprises (EMEs) and: Local production and content.

"written" means quotations of transaction value of R2 000 up to R30 000(VAT included).

CHAPTER 1
IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

Supply chain management policy

2. (1) All officials and other role players in the supply chain management system of **Emthanjeni** Local Municipality must implement this Policy in a way that –

(a) gives effect to –
  (i) Section 217 of the Constitution; and
  (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;

(b) is fair, equitable, transparent, competitive and cost effective;

(c) complies with –
  (i) the Regulations; and
  (ii) any minimum norms and standards that may be prescribed in terms of Section 168 of the Act;

(d) is consistent with other applicable legislation;
  - Broad Based Black Economic Empowerment Act [B-BBEEA];
  -Corruption Act, 1998 – anti-corruption measures and practices;
  - Competition Law and Regulations;
  - Promotion of Administrative Justice Act, 2000;
  - National Archives of South Africa Act, 1996;
  - National Small Business Act;
  - Construction Industry Development Board Act, 2000 [Act no 38 of 2000].

(e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and

(f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.

(3) This Policy applies when Emthanjeni Local Municipality–

(a) procures goods or services;

(b) disposes of goods no longer needed;

(c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or

(4) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contracted with another organ of state, including –

(a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and

(b) electricity from Eskom or another public entity, another municipality or a municipal entity.

Amendment of the supply chain management policy

3. (1) The Accounting Officer must –

(a) at least annually review the implementation of this Policy; and

(b) when the Accounting Officer considers it necessary, submit proposals for the amendment of this Policy to the Council.

(2) If the Accounting Officer submits proposed amendments to the Council that differ from the model policy issued by the National Treasury, the Accounting Officer must –

(a) ensure that such proposed amendments comply with the Regulations; and

(b) report any deviation from the model policy to the National Treasury and the relevant provincial treasury.

(3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.

Delegation of supply chain management powers and duties

4. (1) The Emthanjeni Council hereby delegates all powers and duties to the Accounting Officer which are necessary to enable the Accounting Officer –

(a) to discharge the supply chain management responsibilities conferred on Accounting Officers in terms of –

(i) Chapter 8 or 10 of the Act; and

(ii) this Policy;

(iii) MFMA delegations

(b) to maximise administrative and operational efficiency in the implementation of this Policy;

(c) to enforce reasonable, cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and

(d) to comply with his or her responsibilities in terms of Section 115 and other applicable provisions of the Act.

(1) Sections 79 and 106 of the Act apply to the sub-delegation of powers and duties delegated to an Accounting Officer in terms of subparagraph (1).

(2) The Accounting Officer may not sub-delegate any supply chain management powers or duties to a person who is not an official of Emthanjeni Local Municipality or to a committee which is not exclusively composed of officials of Emthanjeni Local Municipality;

(3) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system, provided for in paragraph 28 of this Policy.

Sub-delegations

The Chief Financial Officer may only appoint supply chain practitioners on

the committees with express prior permission from the Accounting Officer [Municipal Manager].

5. (1) The Accounting Officer may in terms of Section 79 or 106 of the Act sub - delegate any supply chain management powers and duties, including those delegated to the Accounting Officer in terms of this Policy, but any such sub-delegation must be consistent.

(2) The power to make a final award –

(a) Above R10 million (including VAT) **must not** be sub-delegated by the Accounting Officer;

(b) above R2 million (including VAT), but not exceeding R10 million (including VAT), may be sub-delegated but only to –

(i) the Chief Financial Officer;

(ii) a Senior Manager; or

(iii) a Bid Adjudication Committee of which the Chief Financial Officer or a Senior Manager is a member; or

(c) not exceeding R2 million (including VAT) may be sub-delegated but only to –

(i) the Chief Financial Officer;

(ii) a Senior Manager;

(iii) a Manager directly accountable to the Chief Financial Officer or a Senior Manager; or

(iv) a Bid Adjudication Committee.

(3) An official or Bid Adjudication Committee to which the power to make final awards has been sub-delegated must, within five days of the end of each month, submit to the Accounting Officer a written report containing particulars of each final award made by such official or committee during that month, including–

(a) the amount of the award;

(b) the name of the person to whom the award was made; and

(c) the reason why the award was made to that person.

(4) A written report must be submitted –

(a) to the Accounting Officer, in the case of an award by –

(i) the Chief Financial Officer;

(ii) a Senior Manager; or

(iii) a Bid Adjudication Committee of which the Chief Financial Officer or a Senior Manager is a member; or

(b) to the Chief Financial Officer or the Senior Manager responsible for the relevant bid, in the case of an award by –

(i) a manager; or

(ii) a Bid Adjudication Committee of which the Chief Financial Officer or a Senior Manager is not a member.

(5) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system.

(6) No supply chain management decision-making powers may be delegated to an advisor or consultant.

Oversight role of Council

6. (1) Emthanjeni Council reserves its right to maintain oversight over the implementation of this Policy.

(2) For the purposes of such oversight the Accounting Officer must –

(i) within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the Supply Chain Management Policy of any municipal entity under the sole or shared control of the municipality, to the Council of the municipality; and

(ii) whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the Council.

(3) The Accounting Officer must, within 10 days of the end of each quarter, submit a report on the implementation of the Supply Chain Management Policy to the Mayor.

(4) The reports must be made public in accordance with Section 21A of the Municipal Systems Act.

Compliance with Ethical Standards

In order to create an environment where business can be conducted with integrity and in a fair and reasonable manner, this Policy will strive to ensure that the Municipal Manager and all representatives of Emthanjeni Municipality who are involved in supply chain management activities shall act with integrity and in accordance with the highest ethical standards.

All supply chain management representatives shall adhere to the code of conduct of municipal staff contained in schedule 2 of the Systems Act, and this Policy's Code of Ethical Standards.

Supply chain management unit

7. Emthanjeni municipality shall strive to a centralised supply chain management system is hereby established to implement this Policy; the supply chain unit operates under the direct supervision of the Chief Financial Officer.

A centralized purchasing structure offer benefits in terms of:

- Greater standardisation, because purchases are made through one office.
- The buying power for each transaction is increased.
- Buyers are afforded the opportunity to become experts.

- Control over all aspects of the purchasing system is improved, and the system tends to be simpler.
- Suppliers may communicate more easily with a centralised purchasing structure than with different departments.

Training of supply chain management officials

8. The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training.

CHAPTER 2
SUPPLY CHAIN MANAGEMENT SYSTEM

Format of supply chain management system

9. This Policy provides systems for –

(i) demand management;
(ii) acquisition management;
(iii) logistics management;
(iv) disposal management;
(v) risk management; and
(vi) performance management.
(vii) asset management

Part 1: Demand management

System of demand management

10. (1) The Accounting Officer must establish and implement an appropriate demand management system in order to ensure that the resources required by

Emthanjeni Local Municipality support its operational commitments and its strategic goals outlined in the IDP.

(2) The demand management system must –

(a) include timely planning and management processes to ensure that all goods and services required by Emthanjeni Local Municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;

(b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and

(c) provide for the compilation of the required specifications to ensure that its needs are met.

(d) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

(e) The municipality must compile a Procurement Plan containing all planned Procurement for the financial year in respect of the procurement of goods, services and infrastructure projects which exceed R 200 000 [all applicable taxes included] per case as described in the Supply Chain Management Guide for Accounting Officers.

(f) The procurement plan must be finalized on the 1 July every year. The relevant information should preferably be furnished in the format contained in the Procurement Plan Template enclosed as Annexure A.

(g) (Also refer to National Treasury MFMA Circular 62 and 77.

Part 2: Acquisition management

System of acquisition management

11. (1) The Accounting Officer must implement the system of acquisition management set out in this Part in order to ensure –

(a) that goods and services are procured by Emthanjeni Local Municipality in accordance with authorised processes only;

(b) that expenditure on goods and services is incurred in terms of an approved budget;

(c) that the threshold values for the different procurement processes are complied with;

(d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are as per National and Provincial prescripts [SCM Practice note 2, Explanatory notes: Revised quotation / bid forms]

(e) that the preference point system used in accordance with the Revised Preferential Procurement Policy Regulations of 7 December 2011 [utilizing B-BBEE status level verification certificates to claim preference points].

(f) that any Treasury guidelines on acquisition management are properly taken into account.

(g) Verification of bids in access of R10 million

Prior to advertisement:

Verification by the CFO

The senior manager responsible for a vote must submit to the CFO:

-proof that budgetary provision exists for the procurement of the goods/services and / or infrastructure projects;

- any ancillary budgetary implications related to the bid;

- any multi -year budgetary implications;

Prior to the award of a bid

Contracts above the value of R 10 million [all applicable taxes included] may only

be awarded to the preferred bidder after the CFO has verified in writing that budgetary provision exists for the acquisition of the goods, infrastructure projects and /or services and that it is consistent with the Integrated Development Plan.

(h) Publication of awards in respect of advertised competitive bids [above the threshold value of R 200 000]

The following information on the successful bids must be placed on the municipal website:

-Contract numbers and description of goods, services or infrastructure projects;

- Names of the successful bidders and the B-BBEE level of contribution claimed;

- Brand names and dates for completion of contracts.

(i) Functionality

Adhere to the revised guidelines when functionality is included as a criterion in the evaluation of bids [National Treasury note issued in September 2010].

- Clear indication must be given in bid documents if bids will be evaluated on functionality.
- Evaluation criteria must be objective.
- The weight of each criterion, applicable values and the minimum qualifying score [for each bid on its own merit] must be indicated in the bid documents.
- Bidders failing to achieve the qualifying score for functionality must be disqualified.
- Bidders achieving the minimum qualifying score must be evaluated further in terms of points for price and B-BBEE status level contribution

Pre –evaluation

- After closure of the bid pre-evaluation is done to ensure all bidders comply with the prescribed minimum norms and standards, NO TECHNICAL EVALUATION IS DONE AT THIS POINT.

- Bidders are then invited to prepare for a functionality presentation in line with the criteria set out in the bid document on a specific date and provided with a time slot.

Appointment of a functionality committee

-The functionality committee is an ad-hoc committee appointed per bid.

- It should consist out of a cross functional team

- To be included as well:
- A SCM Practitioner;
- The end-user;
- Technical experts;
- Members of the Bid Evaluation- and Adjudication committees;
-CFO or a person with knowledge of the available budget from the CFO's office;
- Any other official deemed to be relevant;
-Provincial SCM official.
- Each member will complete a score sheet per bidder.
-The totals to be calculated by SCM, an average calculated and only the bidders who scored the minimum qualifying score will be evaluated further.
-Prior to the functionality committee meeting the end-user and the technical experts can sit with all the appointed committee members and peruse each bidder's proposal and draw-up a list of questions for clarification. Each member can add his / her own questions and during the presentations clarify or verify the information presented with relevant questions.

NOTE: There cannot be two [2] technical evaluation processes, only one done by a duly appointed functionality committee.

- Functionality evaluation forms part of the formal evaluation processes and is open for legal scrutiny and challenges –therefore it is a formal once off process with proper procedures and score sheets to be completed per committee member for each bidder, duly signed off by the relevant committee member.
- Score sheets form part of a bid and year-end audit by the Auditor –General.
- Not following proper processes may lead to expenditure been classified as irregular by the Auditor-General's office.
- that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and

(j) that any Treasury guidelines on acquisition management are properly taken into account.

(2) Where the municipality contracts with another organ of state for the provision of goods and services, the Accounting Officer must make public the fact that such goods or services are procured otherwise than through the municipality's supply chain management system, including -

(a) the kind of goods or services; and

(b) the name of the supplier.

Range of procurement processes

12. (1)

AMOUNT [VAT INCL.]	**PROCEDURES**
R up to R 1 000	• One quotation will be required • The supplier is to be selected and will be appointed on a rotation basis, provided that parts or repairs could be supplied immediately. • Normal stock items: the Buyer will re-order on the agreed minimum stock level. • For the purchasing of non-stock items authorization is required in accordance with delegations. Approval: Chief Financial Officer
R 1 001 up to R 2 000	• One quotations will be required. • Supplier is to be appointed on a rotation basis, provided that parts of repairs could be supplied immediately. • Normal stock items: The Buyer will re-order on the agreed minimum stock level. • For the purchasing of non-stock items authorization is required in accordance with delegations. Approval: Chief Financial Officer

R 2 001 up to R 10 000	• Two written quotations will be required • Supplier is to be appointed on a rotation basis, provided that parts or repairs could be supplied immediately • Normal stock items: the buyer will re-order on the agreed minimum stock level • For the purchasing of non-stock items authorization is required in accordance with delegations Approval: Chief Financial Officer
R 10 001 up to R 200 000	• Three formal written quotations are required • The CFO will appoint the supplier of on a rotation basis depending on the urgency and delivery period. • All requirements in excess of R30 000 must be advertised for at least 7 days on the website and an official notice board of Emthanjeni Local Municipality; Purchases above R100 000 CFO will approve
More than R 200 000 & long term contracts	Standard procedures as defined in the Procurement Policy apply

(2) *The Accounting Officer may, in writing-*

(a) lower, but not increase, the different threshold values specified in table (1); or

(b) direct that –

a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.

(3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

(4) The following types of transactions are excluded from the normal bid process:

(i) Where there are only sole suppliers of a product / service e.g.

- **i.** Eskom
- **ii.** Bulk water suppliers
- **iii.** Postage and telephone
- **iv.** Rail and road transport
- **v.** De Aar Printers / Die Echo
- **vi.** De Aar Stone Crushers
- **vii.** De Aar Chemist
- **viii.** De Aar Glassworks
- **ix.** Lexis Nexis
- **x.** Lex Patria
- **xi.** OVK

(ii) Where prices are fixed or regulated

- **i.** Fuel purchases
- **ii.** Newspapers and magazines

(iii) Where services / products are subjected to maintenance contracts e.g.

- **i.** Assets under guarantee (Servicing vehicles and machinery)
- **ii.** Alarm Monitoring

(iv) Where the normal bid process is not feasible e.g:

- **i.** Subsistence and travel
- **ii.** Official lunches
- **iii.** Annual health examinations for officials
- **iv.** Stripped (dismantled) machinery requiring a quote for repairs.
- **v.** Annual licence fees. Software & vehicles

(v) Emerging contractors (Decision by Municipal Manager or designate)

(vi) Service Level Agreements

(vii) External professional membership institutions within the Local Government sphere: membership fees.

i. IPMSA (Institute of municipal practitioners of SA)

ii. ILGM (Institute for Local Government management in SA)
iii. IMFO (Institute for municipal financial officers)
iv. IMESA (Institute for municipal engineers of SA)

(5) Please note. The list of transactions will be excluded from the normal bidding processes and may be amended or extended, as and when required

General pre-conditions for consideration of written quotations or bids

13. A formal written quotation or bid may not be considered unless the provider who submitted the quotation or bid –

(a) has furnished that provider's –

(i) full name;

(ii) identification number or company or other registration number; and

(iii) tax reference number and VAT registration number, if any;

(iv) **check in respect of the recommended bidder whether municipal** rates and taxes and municipal service charges are not in arrears for more than three [3] months;

Bids/ quotations should only be awarded to suppliers who are not in arrears with their municipal rates and taxes. If the suppliers are not resident in this municipality, but offer their services from any other municipality, the same applies. It should be established if they are not in arrears in their own municipality.

(v) requirements for construction and engineering related bids should be awarded according to CIDB regulations;

(vii) The CIDB Act requires that all projects need to be registered with the CIDB;

(viii) Before an award is done to a contractor, the contractor's CIDB grading must be confirmed with the CIDB website;

(ix) The CIDB grading designation is as follows:

Grading designation	Less than or equal to
1	R 200 000
2	R 650 000
3	R 2 000 000
4	R 4 000 000
5	R 6 500 000
6	R 13 000 000
7	R 40 000 000
8	R 130 000 000
9	No Limit

(b) has authorised Emthanjeni Local Municipality to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order; and

(c) has indicated –

(i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;

(ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or

(iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months.

Lists of accredited prospective providers: Database

Lists of accredited prospective providers: Database

14. (1) The Accounting Officer must –

(a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written quotations and formal written price quotations; and

(b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;

(c) specify the listing criteria for accredited prospective providers; and

(d) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.

(2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.

(3) The list must be compiled per commodity and per type of service.

The listing requirements are as follows:

a) Street address;
b) Postal address;
c) Contact person in Sales Department;
d) Sales Department's telephone number;
e) Sales Department's fax number;
f) Sales Department's cell number;
g) Sales Department's email address;
h) Contact person in Accounts Department;
i) Accounts Department's telephone number;
j) Accounts Department's fax number;
k) Accounts Department's email address;
l) VAT registration yes/no;
m) VAT registration number;
n) Bank details;
o) Type of industry;

p) Valid certification for specialised services;
q) Valid tax clearance certificate;
r) CIDB registration if applicable;
s) Valid certification in respect of Exempted Micro Enterprises or -BBEE Status Level of Contributor.
t) Relevant identification numbers of all members, directors and partners

Petty cash purchases

15. The conditions for the procurement of goods by means of petty cash purchases, are as follows –

(a) a Senior Manager may delegate responsibility for petty cash to an official reporting to the manager if the amount is equal to or less than R2 000;

(b) the maximum number of petty cash purchases or the maximum amounts per month for each manager is R2 000;

(c) types of excluded expenditure from petty cash purchases include office furniture and equipment; and

(d) a monthly reconciliation report from each manager must be provided to the Chief Financial Officer, including –
   (i) the total amount of petty cash purchases for that month; and
   (ii) receipts and appropriate documents for each purchase.

Written quotations

Although the Act makes provision for verbal quotations, Emthanjeni Local Municipality will not apply this condition due to the loopholes it poses and lack of capacity to monitor it. Only written quotations will be applicable as per decision by the Municipal Manager.

Written or verbal quotations

16. The conditions for the procurement of goods or services through written or verbal quotations are as follows:

(a) Quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality , provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;

(b) where no suitable accredited service providers are available from the list, quotations may be obtained from other possible providers not on the list, provided that such service providers meet the listing criteria set out in paragraph 14(1)(b) and (c) of this policy.

[c] quotations must be approved on a rotation basis.

[d] to the extent feasible, providers must be requested to submit such quotations in writing **if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer;**

(f) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider:

(g) The municipality will investigate and utilize various other options to advertise bids/quotations viz. community boards, the library, public buildings, police station, etc. This is to ensure that the municipality tried to obtain at least three quotations. In cases where there are only a few suppliers for certain goods and, vehicle repairs, the municipality will then use these suppliers on a rotation basis, in order to give everybody a chance. This practice will only be utilized in exceptional cases. As soon as more suppliers become available, such goods / services will be provided via the database.

Formal written price quotations

17. (1) The conditions for the procurement of goods or services through formal written price quotations are as follows:

(a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of Emthanjeni Local Municipality;

(b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 14(1) (b) and (c) of this Policy;

The revised PPPFA prescripts are applicable, eg. Point system and Status level verification certificates [score cards] must be applied in the adjudication process. Please refer to paragraph 19 [3] for more detail.

(c) offers received must be evaluated on a comparative basis taking into account unconditional discounts;

(d) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub delegation;

(e) offers below R30 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;

(f) acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who's offer is according to

(g) specifications, has the ability to deliver and is compliant with all the other requirements and scored the highest points. Minimum requirements for proper record keeping must be complied with.

(h) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Chief Financial Officer or an official designated by the Chief Financial Officer, and

(i) the CFO must record the names of the potential providers and their written quotations.

(2) A designated official referred to in subparagraph (1) (c) must within three days of the end of each month report to the Chief Financial Officer on any approvals given during that month by that official in terms of that sub-paragraph.

Procedures for procuring goods or services through written quotations and formal written price quotations

18. The procedure for the procurement of goods or services through written quotations or formal written price quotations is as follows:

(a) when using the list of accredited prospective providers the Accounting Officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;

(b) **all requirements in excess of R30 000 that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least 7 days on the website and an official notice board of Emthanjeni Local Municipality;**

(c) offers received must be evaluated on a comparative basis taking into account unconditional discounts;

(d) the Accounting Officer must on a monthly basis be notified in writing of all written quotations and formal written price quotations accepted by an official acting in terms of a subdelegation;

(e) offers below R30 000 must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services;

(j) acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who scored the highest points;

(k) **Original / legal copies of written contracts agreements should be kept in a secure place for reference purposes.**

Competitive bids

19. (1) Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11 (2) of this Policy.

(2) No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

(3) The 80 / 20 principle is applicable; 80 points for price and 20 points for B-BBEE status level verification certificates. The 20 points will be standard as follows;

B-BBEE Status Level of Contributer	Number of points [80 / 20]	Number of points [90/10]
1	20	10
2	18	9
3	16	8
4	12	5
5	8	4
6	6	3
7	4	2
8	2	1
Non compliant Contributer	0	0

The points scored for price must be added to the points scored for B-BBEE status level of contribution to obtain the bidder's total points scored out of 100.

A bid must not be disqualified from the bidding process if the bidder does not submit a certificate substantiating the B-BBEE status level of contribution or is a non-compliant contributor. Such a bidder will score 0 out of a maximum of 10 or 20 points for B-BBEE status.

PLEASE NOTE:

[a] The 80/20 point system is applicable from R30 000 [all taxes included] up to R1million [all taxes included]

[b] The 90/10 point system is applicable to bids invited exceeding R 1million [all taxes included]

This should <u>not</u> be interpreted that quotations can be invited for up to R 1million.

The threshold for the invitation of quotations did not change and it is still at R200 000.

Note: Quotations can only be invited not exceeding R 200 000.

Process for competitive bidding

20. The procedures for the following stages of a competitive bidding process are as follows:

(a) Compilation of bidding documentation;

(b) Public invitation of bids;

(c) Site meetings or briefing sessions;

(d) Handling of bids submitted in response to public invitation;

(e) Evaluation of bids;

(f) Award of contracts;

(g) Administration of contracts

(h) After approval of a bid, the Accounting Officer and the bidder must enter into a written agreement. Proper record keeping Original / legal copies of written contracts agreements should be kept in a secure place for reference purposes.

(i) Sub-contracting

A bidder must not be awarded the points claimed for B-BBEE status level contribution if it is indicated in the bid documents that such a bidder intends sub-contracting more than 25% of the contract value to any other enterprise that does not qualify for at least the same number of points that the bidder qualifies for, unless the intended sub-contractor is an EME that has the capacity to execute the sub-contract.

A contractor is not allowed to sub-contract more than 25% of the contract value to another enterprise that does not have an equal or higher B-BBEE status level, unless the intended sub-contractor is an EME that has the capacity and ability to execute the sub-contract.

(j) Evaluation of bids that scored equal points

In the event that two or more bids have scored equal total, the successful bid must be the one that scored the highest points for B-BBEE.

If two or more bids have equal points, including equal preference points for B-BBEE, the successful bid must be the one scoring the highest points for functionality, if functionality is part of the evaluation process. In the event that two or more bids are equal in all respects, the award must be decided by drawing lots.

(k) Cancellation and re-invitation of bids

In the application of the 80/20 point system, if **all** bids received exceed R1 million, the bid must be cancelled. If one or more of the acceptable bid[s] received are within the R 1 million thresholds, all bids received must be evaluated on the 80/20 preference point system.

In the application of the 90/10 preference point system, if all bids received are equal or below R1million, the bid must be cancelled. If one or more of the acceptable bid[s] received are above the R1million threshold, all bids received must be evaluated on the 90/10 preference point system.

If a bid was cancelled as indicated above, the correct preference point system must be stipulated in the bid documents of the re-invited bid.

(l) Awarding of contracts

A contract must be awarded to the bidder who scored the highest total number of points in terms of the preference point system. Points scored must be rounded off to the nearest 2 decimal places.

In exceptional circumstances a contract may, on reasonable and justifiable grounds be awarded to a bidder that did not score the highest number of points. The reasons for such a decision must be approved and recorded for audit purposes and must be defendable in a court of law.

(m) Sale and letting of assets

The Preferential Procurement Regulations, 2011, are not applicable to the sale and letting of assets.

In instances where assets are sold or leased, by means of a bidding process, the bid must be awarded to the bidder with the highest price

(n) Proper record keeping

(o) Original / legal copies of written contracts agreements should be kept in a secure place for reference purposes.

Bid documentation for competitive bids

21. The criteria to which bid documentation for a competitive bidding process must comply, must –

(a) take into account –
  (i) the general conditions of contract and any special conditions of contract, if specified;
  (ii) any Treasury guidelines on bid documentation; and
  (iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;

(b) include the preference points system to be used , goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;

(c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;

(d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish–
  (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
    (aa) for the past three years; or
    (bb) since their establishment if established during the past three years;
  (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;

(iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;

a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and

(e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.

(f) The Accounting Officer reserves the right to stipulate such a dispute to be settled utilizing a court of law preferably within the municipal boundaries or as close as possible to the municipal boundaries

Public invitation for competitive bids

22. (1) The procedure for the invitation of competitive bids is as follows:

(a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of Emthanjeni Local Municipality or any other appropriate ways; and

(b) the information contained in a public advertisement, must include –

(i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper;

(ii) a statement that bids may only be submitted on the bid documentation provided by Emthanjeni Local Municipality; and

(iii) date, time and venue of any proposed site meetings or briefing sessions;

(2) ***The Accounting Officer may determine a closing date for the submission of bids which is less than the 30 or 14 days requirement, only if such shorter period can be justified on the grounds of urgency or***

emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.

(6) Bids submitted must be sealed.

(4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

Procedure for handling, opening and recording of bids

23. The procedures for the handling, opening and recording of bids, are as follows:

(a) Bids–

(i) must be opened only in public;

(ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and

(iii) received after the closing time should not be considered and returned unopened immediately.

(b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;

(c) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and

(d) The Accounting Officer must –

(i) record in a register all bids received in time;

(ii) make the register available for public inspection; and

(iii) publish the entries in the register and the bid results on the website.

Registration of contractor

24. Contractors/bidders who are compelled to register with controlling authorities regarding their goods/services to be delivered should ensure that their relevant registration is in order prior to the closure of the bids.

Negotiations with preferred bidders

25. (1) The Accounting Officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –

(a) does not allow any preferred bidder a second or unfair opportunity;

(b) is not to the detriment of any other bidder; and

(c) does not lead to a higher price than the bid as submitted.

(2) Minutes of such negotiations must be kept for record purposes.

Unbundling of tender

26. When it is considered in Emthanjeni Local Municipality's best interest to divide the total requirement on any one tender between two or more tenderers e.g. in order to draw from the most convenient or nearest sources, or to ensure continued competition or to optimize available resources or to support SMME's, a supply or service may be divided amongst several tenderers, and contracts can be placed accordingly, provided that this was a tender condition

Two-stage bidding process

27. (1) A two-stage bidding process is allowed for –

(a) large complex projects;

(b) projects where it may be undesirable to prepare complete detailed technical specifications; or

(c) long term projects with a duration period exceeding three years.

(2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.

(3) In the second stage final technical proposals and priced bids should be invited.

No obligation to accept lowest or any bid

28. The lowest of any tender or quotation shall not necessarily be recommended for acceptance, provided that this was a tender condition.

Committee system for competitive bids

29. (1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the Accounting Officer may determine:

(a) a Bid Specification Committee;
(b) a Bid Evaluation Committee; and
(c) a Bid Adjudication Committee;

The services of the consultant in the committee system will only be procured with express invitation from Municipal Manager and their participation will explicitly be of advisory nature

Quorum

The quorum for meetings will be fifty percent of members plus one member.

(2) The Accounting Officer appoints the members of each committee, taking into account that Councillors are barred from serving on municipal tender committees; and Outside technical experts can also be co-opted, they must leave

the meeting after advice has been given. Only standing committee members can be involved in final deliberation and recommendations or final approval.

(3) ***A neutral or independent observer, appointed by the Accounting Officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.***

(4) The committee system must be consistent with –

(a) paragraph 28, 29 and 30 of this Policy; and

(b) any other applicable legislation.

The Accounting Officer may apply the committee system to formal written price quotations.

Bid Specification Committees

30. (1) A Bid Specification Committee must compile the specifications for each procurement of goods or services by Emthanjeni Local Municipality**.**

(2) Specifications –

(a) to be Finaled in an unbiased manner to allow all potential suppliers to offer their goods or services;

(b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;

(c) must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;

(d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;

(e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word “equivalent”;

(f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001; and

(g) must be approved by the Accounting Officer prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.

(3) A Bid Specification Committee may be composed of of:

- manager responsible for the function involved
- legal advisor
- when appropriate, include external specialist advisors.

(4) No person, advisor or corporate entity involved with the Bid Specification Committee, or director of such a corporate entity, may bid for any resulting contracts.

Bid Evaluation Committees

31. (1) A Bid Evaluation Committee must –

(a) evaluate bids in accordance with –
  (i) the specifications for a specific procurement; and
  (ii) the points system set out in terms of paragraph 29(2) (f).

(b) evaluate each bidder’s ability to execute the contract;

(c) check in respect of the recommended bidder, whether municipal rates and taxes and municipal service charges are not in arrears, and;

(d) submit to the Adjudication Committee a report and recommendations regarding the award of the bid or any other related matter.

(2) A Bid Evaluation Committee must as far as possible be composed of:

- One or two senior managers from departments requiring the goods or services;
- Supply chain practitioner/staff member
- Tender secretariat
- Internal Auditor:

To promote transparency, the Internal Auditor's role in the committee system will be purely to monitor and not to participate in the committee system.

Bid Adjudication Committees

32. (1) A Bid Adjudication Committee must –

(a) consider the report and recommendations of the bid evaluation committee; and

(b) either –

(i) depending on its delegations, make a final award or a recommendation to the Accounting Officer to make the final award; or

(ii) make another recommendation to the Accounting Officer how to proceed with the relevant procurement.

For better control and efficiency purposes Directors who will serve on this committee will be appointed by the Accounting Officer and it will be on a rotational basis

A Bid Adjudication Committee **may** include –

- Chief Financial Officer ; **[The Chairperson of Committee]**
- Directors of various directorates;
- Supply Chain Accountant;
- Internal Auditor;
- Tender Secretariat; and or
- Technical expert in the relevant field who is an official, if such an expert exists.

(3) If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.

(4) **Neither a member of a Bid Evaluation Committee, nor an advisor or person assisting the Evaluation Committee, may be a member of a Bid Adjudication Committee.**

(5) (a) If the Bid Adjudication Committee decides to award a bid other than the one recommended by the bid evaluation committee, the Bid Adjudication Committee must prior to awarding the bid –

(i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;

(ii) notify the Accounting Officer.

(b) The Accounting Officer may –

(i) after due consideration of the reasons for the deviation, ratify or reject the decision of the Bid Adjudication Committee referred to in paragraph (a); and

(ii) if the decision of the Bid Adjudication Committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.

(6) The Accounting Officer may at any stage of a bidding process, refer any recommendation made by the Evaluation Committee or the Adjudication Committee back to that committee for reconsideration of the recommendation.

(7) The Accounting Officer must comply with Section 114 of the Act within 10 working days

(8) For the purposes of continuity and not to delay meetings the Accounting Officer may also appoint any official to temporarily replace members that are absent from meetings due to illness, leave, etc. The Accounting Officer

may also decide whether or not such an official will have the same powers as committee members

Extension of Awarded Contract

(b) The Accounting Officer may –

(i) award or extend a existing contract when a written submission has been received by the specific Director for the extension due to circumstances unknown.

(ii) That the extension must not be more than 20% of the original contract price of the tender amount awarded.

(iii) That all the relevant supporting documentation form the Director, Consulting Engineer and also the Contractor involved.

(iv) that National Treasury be informed about the extensions.

Procurement of banking services

33. (1) A contract for banking services –

(a) must be procured through competitive bids;

(b) must be consistent with Section 7 or 85 of the Act; and

(c) may not be for a period of more than five years at a time.

(2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.

(3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper. Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

Procurement of IT related goods or services

34. (1) The Accounting Officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.

(2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.

(3) The Accounting Officer must notify SITA together with a motivation of the IT needs if –

(a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (including VAT); or

(b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (including VAT).

(4) If SITA comments on the submission and Emthanjeni Local Municipality disagree with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the Council, the National Treasury, the relevant Provincial treasury and the Auditor General.

Procurement of goods and services under contracts secured by other organs of state

35. (1) The Accounting Officer may procure goods or services under a contract secured by another organ of state, but only if –

(a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;

(b) there is no reason to believe that such contract was not validly procured;

(c) there are demonstrable discounts or benefits to do so; and

(d) that other organ of state and the provider have consented to such procurement in writing.

(2) Sub-paragraphs (1) (c) and (d) do not apply if –

(a) a municipal entity procures goods or services through a contract secured by its parent municipality; or

(b) a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

Procurement of goods necessitating special safety arrangements

36. (1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.

(2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the Accounting Officer.

Proudly SA Campaign

37. Emthanjeni Local Municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services and see also Cir 1/2/1/2/2 that deals with the promotion of local production and content

Appointment of consultants

38. (1) The Accounting Officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.

(2) Consultancy services must be procured through competitive bids if

(a) the value of the contract exceeds R200 000 (VAT included); or

(b) the duration period of the contract exceeds one year.

(3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –

(a) all consultancy services provided to an organ of state in the last five years; and

(b) any similar consultancy services provided to an organ of state in the last five years.

(4) The Accounting Officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in Emthanjeni Local Municipality.

Deviation from, and ratification of, minor breaches of procurement processes

39. (1) The Accounting Officer may –

(a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –

(i) in an emergency;

(ii) if such goods or services are produced or available from a single provider only;

(iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;

(iv) acquisition of animals for zoos and/or nature and game reserves; or

(v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and

(b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

(2) The Accounting Officer must record the reasons for any deviations in terms of this policy and report them to the next meeting of the Council and include as a note to the annual financial statements.

(3) Reasons for any deviation will not apply to the procurement of goods and services contracted with another organ of state.

Management of expansion or variation of orders against the original contract

39.1. Contracts may be expanded or varied by not more than 20%forconstructionrelated goods, services and /or infrastructure projects and 15% for all other goods and/or services of the original value of the contract. Furthermore, anything beyond the above mentioned thresholds must be reported to council. Any expansion or variation in excess of these thresholds must be dealt with in terms of the provisions of Section 116 (3) of the MFMA which will be regarded as an amendment of the contract.

39.2. The contents of this paragraph are not applicable to transversal contracts,facilitated by the relevant treasuries on behalf of municipalities and specific term contracts. The latter refers to orders placed as and when commodities are required and at the time of awarding contracts, the required quantities were unknown.

39.3 Local Content

The Preferential Procurement Regulations, 2011 pertaining to the Preferential Procurement Policy Framework Act, Act No 5 OF 2000 which came into effect on 7 December 2011 make provision for the dti to designate sectors in line with national development and industrial policies for local production. To this end the dti has designated and determined the stipulated minimum thresholds for the following sectors:

-Bus Sector	70 - 80 %
-Pylons	100 %
-Rolling Stock	55 – 80 %
-Textiles	100%
- Processed Vegetables	80 %
- Set Top Boxes	30 %
- Furniture Products	from 65 to 100%

Note: Other designated sectors may be added by dti in future.
When inviting bids/quotations where local content is applicable, municipalities must

indicate this in the bid advertisement. The MBD 6.2, SABS Specification SATS 1286:2011, and dti Guidance on the calculations of local content [available on dti's official website http://www.thedti.gov.za] should also be included in the bid documents/quotations.
The supplier has to proof that the product he offers does indeed comply with the stipulated thresholds. In order to do this there are three annexures which the supplier has to fill in and submit together with the bid document/quotation. These forms are also available on the dti Guidance on the calculations of Local content. It is advisable that municipalities attach the Guidance document to the bid documents/quotations in order to assist the suppliers to fill in the bid documents.
A two stage evaluation process may be followed
-First stage: calculate if the bidder adheres to the local content percentage requirement
-Second stage: Only the bidders who comply with the local content percentage requirement will be evaluated further.

Urgent and emergency cases

40. In urgent and emergency cases, a municipality may dispense with the invitation of bids and may obtain the required goods, works or services by means of quotations by preferably making use of the database of prospective suppliers, or otherwise in any manner to the best interest of the municipality.

Urgent cases are cases where early delivery is of critical importance and the invitation of competitive bids is either impossible or impractical .However, a lack of proper planning should not be constituted as an urgent case.

Emergency cases are cases where immediate action is necessary in order to avoid a dangerous or risky situation or misery.

The reasons for the urgency/emergency and for dispensing of competitive bids should be clearly recorded and approved by the Accounting Officer.

Unsolicited bids

41. (1) In accordance with Section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.

(2) The Accounting Officer may decide in terms of Section 113(2) of the Act to consider an unsolicited bid, only if –

(a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;

(b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;

(c) the person who made the bid is the sole provider of the product or service; and

(d) the reasons for not going through the normal bidding processes are found to be sound by the Accounting Officer.

(e) If the municipality will not incur any cost in monetary value.

(3) If the Accounting Officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public together with –

(a) reasons as to why the bid should not be open to other competitors;

(b) an explanation of the potential benefits if the unsolicited bid were accepted; and

(c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.

(4) The Accounting Officer must submit all written comments received pursuant to sub-paragraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.

(5) The Adjudication Committee must consider the unsolicited bid and may award the bid or make a recommendation to the Accounting Officer, depending on its delegations.

(6) A meeting of the Adjudication Committee to consider an unsolicited bid must be open to the public.

(7) When considering the matter, the Adjudication Committee must take into account –

(a) any comments submitted by the public; and

(b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.

(8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the Accounting Officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.

(9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing Emthanjeni Local Municipality to the bid may be entered into or signed within 30 days of the submission.

Combating of abuse of supply chain management system

42. (1) The Accounting Officer must–

(a) take all reasonable steps to prevent abuse of the supply chain management system;

(b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –

(i) take appropriate steps against such official or other role player; or

(ii) report any alleged criminal conduct to the South African Police Service;

(c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;

(d) reject any bid from a bidder–

(i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to Emthanjeni Local Municipality, or to any

other municipality or municipal entity, are in arrears for more than three months; or

(ii) who during the last five years has failed to perform satisfactorily on a previous contract with Emthanjeni Local Municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;

(e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;

(f) cancel a contract awarded to a person if –

(i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or

(ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and

(g) reject the bid of any bidder if that bidder or any of its directors –

(i) has abused the supply chain management system of Emthanjeni Local Municipality or has committed any improper conduct in relation to such system;

(ii) has been convicted for fraud or corruption during the past five years;

(iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or

(iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

(2) The Accounting Officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.

Part 3: Logistics, Disposal, Risk and Performance Management

Logistics management

43. The Accounting Officer must establish and implement an effective system of logistics management, which must include -

(a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;

(b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;

(c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;

(d) before payment is approved , certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;

(e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;

(f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and

(g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

(h) the maintenance and administration of term contracts is co-managed with acquisition management for general goods / services.

Disposal management

44. (1) The criteria for the disposal or letting of capital assets, including unserviceable, redundant or obsolete capital assets are as follows:

Section 14 and 90-Disposal of capital assets

1 A municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of a capital asset needed to provide the minimum level of basic municipal services.

2 A municipality may transfer ownership or otherwise dispose of a capital asset other than an asset contemplated in subsection 1, but only after the municipal Council, in a meeting open to the public-

(a) Has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal service; and

(b) Has considered the fair market value of the asset of the asset and the economic and community value to be received in exchange for the asset.

3 A decision by a municipal council that a specific capital asset is not needed to provide the minimum level of basic municipal services, may not be reversed by the municipality after that asset has been sold, transferred or otherwise disposed of.

4 A municipal council may delegate to the Accounting Officer of the municipality its power to make the determinations referred to in sub-section 2 (a) and (b) in respect of movable capital assets below a value determined by the council.

5 Any transfer of ownership of a capital asset in terms of sub-section 2 or 4 must be fair, equitable, transparent, competitive and consistent with the supply chain management policy which the municipality must have and maintain in terms of Section 111.

6 This section does not apply to the transfer of a capital asset to another municipality or to a municipal entity or to a national or provincial organ of state in circumstances and in respect of categories of assets approved by the National Treasury, provided that such transfers are in accordance with a prescribed framework

(2) Assets may be disposed of by –

(i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;

(ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;

(iii) selling the asset; or

(iii) destroying the asset.

(2) The Accounting Officer must ensure that –

(a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;

(b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;

(c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;

(d) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;

(e) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;

(f) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and

(g) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

Risk management

45. (1) The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system, are as follows:

(2) Risk management must include –

(a) the identification of risks on a case-by-case basis;

(b) the allocation of risks to the party best suited to manage such risks;

(c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;

(d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and

(e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

Performance management

46. The Accounting Officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.

Part 4: Other matters

Safe custody of contracts

47. Original contracts should be kept by the Corporate Department, with the copies to the relevant department. The Accounting officer together with the Chief Financial Officer will be the only officials who will hold the keys to the safe.

Prohibition on awards to persons whose tax matters are not in order

48. (1) No award above R15 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.

(2) Before making an award to a person the Accounting Officer must first check with SARS whether that person's tax matters are in order.

(3) If SARS does not respond within 7 days such person's tax matters may be presumed to be in order.

Prohibition on awards to persons in the service of the state

49. Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy –

(a) who is in the service of the state;

(b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or

(c) a person who is an advisor or consultant contracted with Emthanjeni Municipality.

Municipalities are exempted from complying with this regulation until 2011 , insofar as this regulation prohibits making awards to a persons in the following circumstances:

- **where the person receiving the award is a non-executive member of the Board of Directors of a municipality entity; or**
- **where the person receiving the award is not a natural person and any of it's directors, managers, principal shareholders or stakeholders is a non-executive member of the Board of Director of a municipal entity.**

Awards to close family members of persons in the service of the state

50. The Accounting Officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –

(a) the name of that person;

(b) the capacity in which that person is in the service of the state; and

(c) the amount of the award.

Ethical standards

51. (1) A code of ethical standards is hereby established for officials and other role players in the supply chain management system of Emthanjeni Local Municipality in order to promote –

(a) mutual trust and respect; and

(b) an environment where business can be conducted with integrity and in a fair and reasonable manner.

Note:

It is recommended that the municipality or municipal entity adopt the 'National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management'. When adopted, such code of conduct becomes binding on all officials and other role players involved in the implementation of the supply chain management policy of the municipality or municipal entity. A copy of the National Treasury code of conduct is available on the website ***www.treasury.gov.za/mfma*** *located under "legislation". This code of conduct must be adopted by council or board of directors to become binding.*

Inducements, rewards, gifts and favours to municipalities, officials and other role players

52. (1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –

(a) any inducement or reward to Emthanjeni Local Municipality for or in connection with the award of a contract; or

(b) any reward, gift, favour or hospitality to –

(i) any official; or

(ii) any other role player involved in the implementation of this Policy.

(2) The Accounting Officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

(3) Subparagraph (1) does not apply to gifts less than R350 in value.

Sponsorships

53. The Accounting Officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –

(a) a provider or prospective provider of goods or services; or

(b) a recipient or prospective recipient of goods disposed or to be disposed.

Objections and complaints

54. Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

Resolution of disputes, objections, complaints and queries

55. (1) The Accounting Officer must appoint an independent and impartial person, not directly involved in the supply chain management processes –

(a) to assist in the resolution of disputes between Emthanjeni Local Municipality and other persons regarding -

(i) any decisions or actions taken in the implementation of the supply chain management system; or

(ii) any matter arising from a contract awarded in the course of the supply chain management system; or

(b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

A parent municipality and a municipal entity under its sole or shared control may for purposes of subparagraph (1) appoint the same person

(2) The Accounting Officer, or another official designated by the Accounting Officer, is responsible for assisting the appointed person to perform his or her functions effectively.

(3) The person appointed must –

(a) strive to resolve promptly all disputes, objections, complaints or queries received; and

(b) submit monthly reports to the Accounting Officer on all disputes, objections, complaints or queries received, attended to or resolved.

(4) A dispute, objection, complaint or query may be referred to the relevant provincial treasury if –

(a) the dispute, objection, complaint or query is not resolved within 60 days; or

(b) no response is forthcoming within 60 days.

(5) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

(6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

Contracts providing for compensation based on turnover

56. If a service provider acts on behalf of Emthanjeni Municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation

payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and Emthanjeni Local Municipality must stipulate –

(a) a cap on the compensation payable to the service provider; and

(d) that such compensation must be performance based.

Penalties

57. If the supplier fails to deliver any or all the goods or to perform the services within the period specified in the contract, the Municipality should, without prejudice to its other remedies under the contract, deduct from the contract price, as a penalty, a sum calculated on the delivered price of the delayed goods or unperformed services using the current prime interest rate calculated for each day until actual delivery or performance. The Municipality may also consider termination of the contact

CHAPTER 3

CODE OF CONDUCT FOR SUPPLY CHAIN PRACTITIONERS

The purpose of this Code of Conduct is to promote mutual trust and respect and an environment where business can be conducted with integrity and in a fair and reasonable manner.

1 General Principles

Emthanjeni Local Municipality commits itself to a policy of fair dealing and integrity in the conducting of its business. Officials and other role players involved in supply chain management (SCM) are in a position of trust, implying a duty to act in the public interest. Officials and other role layers should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or provider/contractor for themselves, their family or their friends.

Officials and other role players involved in SCM should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation, policies and guidelines. They should ensure that public resources are administered responsibly.

Officials and other role players involved in SCM should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual. They should not abuse the power and authority vested in them.

2 Conflict of interest

An official or other role player involved with supply chain management-

- must treat all providers and potential providers equitably;
- May not use his or her position for private gain or to improperly benefit another person;
- may not accept any reward ,gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, a value of more than R350;
- must declare to the Accounting Officer details of any reward ,gift, favour, hospitality or other benefits promised, offered or granted to that person or any other family member, partner or associate of that person;
- must declare to the Accounting Officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process, or in any award of a contract by Emthanjeni Local Municipality;
- must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person ,or close family member, partner or associate , has any private or business interest;
- must declare any business, commercial and financial interest or activities undertaken for financial gain that may raise possible conflict of interest;
- should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties; and
- should not take improper advantages of their previous office after leaving their official position.

3 Accountability

Practitioners are accountable for their decisions and actions to the public.

Practitioners should use public property scrupulously.

Only Accounting Officer or their delegates have the authority to commit Emthanjeni Local Municipality to any transaction for the procurement of goods and/ or services.

All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.

Practitioner must assist the Accounting Officer in combating fraud, corrupt, favouritism and unfair and irregular practices in the supply chain management system

Practitioners must report to the Accounting Officer may alleged irregular conduct in the supply chain management which that person may become aware of, including

1. any alleged fraud, corruption, favouritism or unfair conduct
2. an alleged contravention of the policy on inducements, reward, gifts and favours to municipalities or municipal entities, officials or other role players; and
3. any alleged breach of this code of conduct.

Any declarations made must be recorded in a register which the Accounting Officer must keep for this purpose. Any declarations made by the Accounting Officer must be made to the Mayor who must ensure that such declaration is recorded in the register.

4. Openness

Practitioners should be as open as possible about all the decision and actions that they take. They should give reasons for their decisions and restrict information only if it is in the public interest to do so.

5. Confidentiality

Any information that is the property of Emthanjeni Local Municipality or its providers should be protected at all times. No information regarding any bid/contract/bidder/contactor may be revealed if such an action will infringe on the relevant bidder's/contractor's personal rights.

Matters of confidential nature in the possession of officials and other role players involved in SCM should be kept confidential unless legislation, the performance of duty or the provisions of law requires otherwise. Such restrictions also apply to officials and other role layers involved in SCM after separation from service.

6. Bid Committees

Bid Specification, Evaluation and Adjudication Committees should implement supply chain management on behalf of Emthanjeni Local Municipality in an honest, fair, impartial, transparent, cost-effective and accountable manner.

Bid Evaluation /Adjudication committees should be familiar with and adhere to the prescribed legislation, directives and procedures in respect of supply chain management in order to perform effectively and efficiently.

All members of Bid Adjudication Committees should be cleared by the Accounting Officer at the level of 'CONFIDENTIAL" and should be required to declare their financial interest annually.

No person should-

- interfere with the supply chain management system of Emthanjeni Local Municipality; or

- amend or tamper with any price quotation/bid after its submission.

7. Combative Practices

Combative practices are unethical and illegal and should be avoided at all cost. They include but are not limited to:

Suggestions of fictitious lower quotations;
Reference to non-existent competition;
Exploiting errors in price quotations/bids
Soliciting price quotations/bids from bidders/contractors whose names appear on the Register for Tender Defaulters

When adopted, this code of conduct becomes binding on all officials and other role players involved in the implementation of the Supply Chain Management Policy of Emthanjeni Local Municipality.

(2) A breach of the code of ethics must be dealt with as follows –

(a) in the case of an employee, in terms of the disciplinary procedures of Emthanjeni Local Municipality envisaged in section 67(1)(h) of the Municipal Systems Act;

(b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.

(c) In all cases, financial misconduct must be dealt with in terms of Chapter 15 of the Act and in accordance with the Regulations on financial misconduct procedures an criminal procedures .

The Accounting Officer must review the policy at least annually and, where necessary, submit proposals for amendment to the Council (Regulation 3).

Commencement

This Revised Policy takes effect on 01 July 2019.

CHAPTER 4

PURCHASES PROCEDURES

NO.	PROCEDURE	FREQUENCY	RESPONSIBILITY	KPI
1. 1.1 1.2 1.3	Purchase Requisitions: • Purchase requisitions (PR) are completed in the various sections of the Municipality. The CFO should assign the responsibility of maintaining the Purchases Requisition Book to a specific person in each section. The buyer is responsible for maintaining a record of the pre-numbered colour coded purchase requisition books issued to each section.	 Ongoing Ongoing Ongoing	 MM, Directors CFO CFO	 Yes Yes Yes
2.	The Officer authorising the purchase requisition, should ensure that there is sufficient funds available within the nominated vote. Where there are insufficient funds, the Municipal Manager may utilise a saving in the amount appropriated under a main division within a vote, towards the defrayment of excess expenditure under another main division within the same vote.	Ongoing	Municipal Manager CFO	Yes
3. 3.1 3.2	 Purchases requisitions should be forwarded to the Supply Chain Clerks. The Supply Chain Clerks check the requisition to ensure the following:	 Ongoing Ongoing	 CFO CFO	 Yes Yes

NO.	PROCEDURE	FREQUENCY	RESPONSIBILITY	KPI
	• The correct vote has been inserted; • The description of the goods/services is accurate and the quantity specified; • That all unused lines have been ruled off to prevent unauthorised additions; and • That the requisition has been signed by an authorised Officer designated by the Municipal Manager.			
4.	It is the SC Clerks' responsibility to source the supplier for the goods requested. The database is to be used, unless these suppliers are unable to fulfill the order on and as required basis.	Ongoing	Supply Chain Accountant	Yes
5.	In the instance that quotations are required, the purchase requisitions together with the quotations must be handled according to the Supply Chain Management Policy.	Ongoing	Municipal Manager, Chief Financial Officer, Supply Chain Accountant	Yes
6.	Once the requisition has been through the process and has been approved, the requisition and quotations should be returned to the buyer.	Ongoing	Municipal Manager CFO Supply Chain Accountant.	Yes
7.	The buyer would then make out the order. Four copies of the order must be produced. The first must be sent to the supplier, the second must be attached to the requisition and forwarded to the creditors department, the third copy must be sent to the receiving section, and the final copy remains in the order book.	Ongoing	CFO	Yes
8.	All goods should be received in a demarcated area by			

NO.	PROCEDURE	FREQUENCY	RESPONSIBILITY	KPI
	the stores. An exception to this would be the delivery of capital works or maintenance projects, as well as goods to be delivered directly to the department for example motor vehicles, plant and equipment.	Ongoing	CFO	Yes
9.	When the delivery of goods is made by the suppliers, the receiver must: • Match the supplier delivery note to a properly authorised purchase order; • Check the quantity of goods received against the supplier delivery note and the purchase order; • Reject all incorrect deliveries. In the case of short deliveries, clearly indicate as such on the suppliers delivery note and the purchase order; • Prepare a goods received note (GRN) in duplicate detailing the items and quantities received; • Sign the suppliers delivery note and GRN to indicate receipt of the goods; and • Ensure that the supplier's delivery personnel sign the delivery note to indicate agreement with the delivery and to the adjustments, if any.	Ongoing	CFO	Yes
10.	Goods should then be sent to the relevant section. The official that authorised the requisition should sign the goods received note to indicate receipt of the goods.	Ongoing	CFO	Yes
11.	The supplier's delivery note and the original goods received note should be forwarded to the creditors section. The duplicate goods received note should be filed.	Ongoing	CFO	Yes

NO.	PROCEDURE	FREQUENCY	RESPONSIBILITY	KPI
12.	If the Chief Financial Officer instructs that a supplier make delivery of goods at a location other than the demarcated area, a person designated by the Chief Financial Officer, shall take delivery thereof and sign the supplier's delivery note to indicate receipt of the goods. This delivery note must then be submitted to the creditors section after being signed by the Chief Financial Officer.	Periodic	CFO	Yes
13.	The creditors section receives the following in batches as the invoices are finalised for payment: • Orders with corresponding requisitions from the buying section; • The supplier's delivery note and the internal goods received note (GRN) from the receiving section; and • If the supplier forwards his invoice with the delivery note, the receiving official should date stamp and forward to creditors.	Weekly	CFO	Yes
14.	Procedures for actual payment of creditor invoices are documented under the creditor payment section.			

CHAPTER 5

CREDITORS PAYMENT PROCEDURE

NO.	PROCEDURE	FRE QUENCY	RESPONSIBILITY	KPI
1.	Each supplier invoice must be matched to a properly approved requisition and order form.	Ongoing	CFO (Creditors Section)	Yes
2.	The invoice must then be matched to the delivery note. The description of the goods, the quantity supplied and the signature of the authorised person receiving the goods must be confirmed.	Ongoing	CFO (Creditors Section)	Yes
3.1. 3.2.	The creditors section is responsible for checking the adequacy and completeness of documents received from the purchasing and stores sections. If the creditors section is not satisfied with the documents received from the purchasing or stores sections, they must interrogate the relevant purchasing or stores officials.	Ongoing Ongoing	CFO (Creditors Section) SC Manager CFO (Head of Creditors Section)	Yes No
4.	If the invoice relates to a service that was supplied, the official that requested the service, should sign the invoice to indicate that the service was received.	Ongoing	CFO (Creditors Section)	Yes
5.	Where a service is rendered regularly in terms of a standing contract, or where a continuing service such as a telephone is provided, order forms are not required. The official receiving the service must approve the invoice before submitting it to the creditors section for checking and payment.	Ongoing	CFO	Yes
6.	All payments:	Ongoing	CFO	Yes

NO.	PROCEDURE	FRE QUENCY	RESPONSIBILITY	KPI
	• Should be effected by cheque or by electronic transfer. Apart from petty cash, no payments should be made in cash; and Should be made monthly, and, only under exceptional circumstances, as determined by the Chief Financial Officer, should a payment be made outside of these intervals.			
7.	The creditors section must prepare a list of payments to be made, differentiating between electronic and cheque payments.	Monthly	CFO (Creditors section)	Yes
8.	The creditors section must present the payment listing together with supporting documentation to the Chief Financial Officer.	Monthly	CFO (Creditors Section)	Yes
9.	The CFO must critically inspect the supporting documentation to satisfy himself/herself that the requested payments are in order.	Monthly as whenever payments are request	CFO	Yes
10.	Disputed payments will be returned to the creditors section. It is the responsibility of the creditors section to ensure that the supporting documentation is complete.	Monthly	CFO (Creditors Section).	Yes
11.	These cheque requisition forms will be forwarded to an official who has been assigned the responsibility to prepare cheques.	Monthly	Chief Financial Officer	No

NO.	PROCEDURE	FRE QUENCY	RESPONSIBILITY	KPI
12.	The cheques and the supporting documentation are forwarded to the Municipal Manager and Chief Financial Officer or to the signatories appointed by them for signing.		Municipal Manager CFO SCM Accountant	
13.	The cheques and the supporting documentation are forwarded to the Municipal Manager and Chief Financial Officer or to the signatories appointed by them for signing.	Monthly		
14.	Every signatory must inspect the documentation and satisfy him/ herself as to the validity of the expense before he/she signs the cheque.	Monthly	All designated signatories	Yes
15.1 15.2	Two signatories must sign every cheque. The cheque number must appear on the supporting documentation. The documentation should also be stamped as evidence of it being paid.	Monthly	All designated signatories Chief Financial Officer	Yes
16.	The cheques should then be posted to or collected by the respective creditor**.**	Monthly	**Chief Financial Officer**	No

EMTHANJENI MUNICIPALITY

SUBSISTENCE ALLOWANCE AND TRAVEL POLICY

FINAL BUDGET 2019/2020 FINANCIAL YEAR

TRAVEL AND SUBSISTENCE ALLOWANCES POLICY

All expenditure referred to in this policy is against Public Funds. Councillors and Officials are requested to be prudent when incurring any subsistence and travel expenditure

A: NATIONAL TRAVEL WITHIN THE BOUNDARIES OF THE REPUBLIC OF SOUTH AFRICA

1. APPROVAL

In accordance with the delegated powers, the approval of the attendance of meetings is vested in the Municipal Manager and Chief Financial Officer for workshop, seminars, conferences, congresses and similar events and special visits which are in the interest of the Council, provided that the necessary funds are available.

(i) Approval by Municipal Manager
For attendance by:

Mayor
Councillors
Directors

(ii) Approval by Chief Financial Officer

For attendance by Municipal Manager and officials in the finance directorate. If the Municipal Manager is absent the Chief Financial Officer will sign forms on his/her behalf.

(iii) Approval by Directors

For attendance by officials in the directorate

2. ALLOWANCES

2.1 Subsistence Allowances

(a) Allowances Payable:

	Overnight Subsistence Allowances per day or part thereof	**Day allowances (no overnight) per day or part thereof**
(i) Mayor, Speaker, Councillors, Municipal Manager, Directors, Senior Managers	R435.00	R134.00
(ii) All other officials	R435.00	R134.00
(iii) Prospective applicants who were invited for interviews for vacant positions will only be assisted in: (a) Over night accomodation (b) Re-imbursive travel claim © ***The Municipal Manager will determine and approve such claims as it occur from time to time and the rates as per policy will be paid to Shortlisted Candidates***	 Accomodation costs R3.61 per kilometre	 R0
***Breakfast=R90(leaving before 6h15 am); Lunch = R120 and Supper =R225 (returning after 18h00 pm)**		

(b) That where expenses are supported by documentary proof, the actual costs be payable in all instances under (a)

(c) that expenses shall consist of the cost in respect of accommodation, meals, parking and tollgate fees (an approved route must be submitted), excluding expenses for alcoholic beverages, private telephone calls and entertainment;

(d) That subject to submission of documentary proof and attached to the application for subsistence allowance before departure, payments shall be made directly to a hotel or travel agency for accommodation costs. Further approved expenses incurred by a delegate may be claimed for reimbursement on return;

(e) That in the event that the Mayor, Speaker, Councillors, Municipal Manager and Directors have to attend emergency meetings on behalf of the municipality, where proof is not immediately available the Municipal Manager or his designate must approved such trips or claims. **All other trips should be substantiated with all the**

necessary supporting documentation before the Municipal Manager or Directors can approve such trips or claims.

(f) **All claim forms to be submitted seven (7) days before the actual trip, to the Director for finance or his/her nominee. Payment must be done via EFT.**

(g) For private lodging (staying with family, etc.) a maximum amount of R400.00 will be paid.

(h) All Councillors, Municipal Manager, Directors and officials must be encourage to stay overnight in Guest Houses to ensure cost effectiveness. A maximum amount of R960 per night should be paid for accommodation within the Northern Cape Province.

(i) Accommodation outside the NC province should be in consultation with the Office of the Municipal Manager.

(j) No Re-imbursive Travel and DAILY allowance will be paid to *any Councilor or Official* for traveling costs on any visits within the Emthanjeni Municipality boundaries.

(k) Claiming of Lunch fees:

Lunch fees will not be claimed unless it is explicitly stated that no lunch will be served at meeting, workshops, briefing sessions, etc.

In the event where a councillor or official is unable to make use of the meals provided due to religious convictions, circumstances beyond their control, etc., the reimbursement for alternative meals shall be dealt with on an *ad hoc* basis with the authorization of the Municipal Manager or his/her delegated authority. Proof of payment vouchers must be submitted before payment will be made.

(l) Miscellaneous Expenses – National

The following expenses incurred are regarded as miscellaneous and may be

claimed within the boundaries of the Republic of South Africa on production of proof of expenditure only when the councillor or official are away for more than five days:

→Laundry
→Parking fees while travelling
→Toll fees
→Public transport costs
→Any additional reasonable claim

(m) No subsistence allowance will be paid, and no representative will be

entitled to a subsistence allowance, if the trip or travel is not related to the official business of the municipality.

(n) All allowances are subjected to the annual SARS increment limits as publish on the official website of the South African Revenue Services (SARS)

2.2 Travelling Cost

(a) Travelling

(i) Mayor, Speaker, Councillors, Municipal Manager, Directors, Senior Managers **(Air Travelling)**	Actual costs of an economy class air tickets of SAA or applicable other airline payable to the stipulations under paragraph (b). SAA being the preferred airline.
(ii) Other officials	As above or travelling method as approved by the Chief Financial Officer.
(iii) Where **private motor vehicle is used for re-imbursive travel** (a) when a monthly transport allowance is receive. (b) when a monthly transport allowance is not received.	 Tariff as determined by SARS (non-taxable SARS limit) Tariff as determined by SARS (non-taxable SARS limit) ***Currently R3.61c @ km*** The Department Transport tariffs may be applicable for employees with such contracts.
(iv) If persons in paragraph (i) and (ii) are accompanied by each other, when travelling by private vehicle, the allowance payable will only be applicable to the person who supplies the motor vehicle.	

(b) that all airfare be in the account of the Emthanjeni Local Municipality. An account for this purpose be opened at a travel agency and the following procedure for air travel, be followed, namely.

(i) Municipal Manager and Directors within the delegated powers;

(ii) an official airfare order form will be requested by the relevant Departments and issued by the Department of the Director for Finance;

(iii) bookings will be done by Departments and the order form will be submitted to the travel agency as authorization;

(iv) an invoice will be issued by the travel agency for payment.

(v) Or alternatively bookings may be made directly with the airline.

(vi) 2.3 **Nomination by a Third Party or Institution**

The abovementioned will be applicable (points 2.1, 2.2 and 2)

(c) COUNCILLORS OR OFFICIALS TRAVELLING FOR THE SAME EVENT

When Councillors or Officials representing Emthanjeni municipality should ensure that all times the travelling arrangements must be efficient and cost effective.

(i) Maximum of four persons should be travelling with one vehicle. No travel claim will be reimbursed for two vehicles where only two representatives of Emthanjeni Municipality will attend. Only one vehicle's travel claim will be paid for the event.
(ii) In the case where the Mayor and Municipal Manager must attend the same meeting, then separate vehicle may be used to travel to the venue of the meeting, where possible.
(iii) In the case where the Mayor and Councillor must attend the same meeting, then one vehicle should be used to travel to the venue of the meeting.
(iv) In the case where the Municipal Manager and Director must attend the same meeting, then one vehicle should be used to travel to the venue of the meeting.
(v) In the case where the Director and Manager must attend the same meeting, then one vehicle should be used to travel to the venue of the meeting.
(vi) When a Councillor must accompany the Mayor, then the Councillor must travel with the Mayor to the event.
(vii) When a Director or official must accompany the Municipal Manager, then the Director or official must travel with the Municipal Manager or with one vehicle to the event.
(viii) When an official must accompany the Director, then the official must travel with the Director or with one vehicle to the event.
(ix) Managers and Officials below Managers level must utilised the pool vehicles when attending workshops, training, seminars, etc. as far as possible.
(x) Prior written approval from the Accounting Officer must be obtained in order to deviate from the above.

(d) Time of travelling

During summer, when a meeting takes place less than 300km outside De Aar and starts at 09h00, Councillors or Officials should not overnight and are expected to travel in the morning of when the event starts and the return time must not be after 18h00.

Prior written approval from the Accounting Officer must be obtain in order to deviate from the above.

2.3 CAR RENTAL

(a) The following category vehicles are approved for car rental from airports:

Category B	-	Mayor, Speaker and Municipal Manager
		Directors and Councillors

(b) All reservations for car rentals will be done by the office of the Chief Financial Officer at a car rental agency or the relevant travel agency, on a quotation basis and be arranged prior to departure.

B. INTERNATIONAL TRAVEL

1. Approval of Foreign Visits (Approved by the Council)

(i) Approval by Municipal Manager

For attendance by:

- Mayor
- Councillors
- Directors

(ii) Approval by chief Financial Officer

For attendance by Municipal Manager and officials in the finance directorate. If the Municipal Manager is absent the Chief Financial Officer will sign forms on his/her behalf.

(iii) Approval by Directors

For attendance by officials in the directorate

2. ALLOWANCES

Mayor, Speaker, Councillors, Municipal Manager, Directors, Senior Managers and officials:

2.1 **Nomination by Council to represent the Emthanjeni Local Municipality**

(i) Where a delegate is responsible for his own cost in respect of accommodation

- Fixed amount for incidental expenses @ US$350
- Allowance @ US$ 190 per day or part thereof
- Airfare

(i) Mayor, Speaker, Councillors, Municipal Manager, Directors, Senior Managers	Actual cost of business class air ticket when travelling time is more than ten hours, payable to a travel agency for the account of Emthanjeni Local Municipality
(i) Other officials	Actual cost of economy class air ticket payable to a travel agency for the account of Emthanjeni Local Municipality. Business class must be specially motivated to Municipal Manager

(ii) Where all cost in respect of accommodation, transport, etc. is payable by Council

- Fixed amount for incidental expenses
- Allowance
- Airfare

(i) Mayor, Speaker, Councillors, Municipal Manager, Directors, Senior Managers	Actual cost of business class air ticket when travelling time is more than ten hours, payable to a travel agency for the account of Emthanjeni Local Municipality
(ii) All other officials	Actual cost of economy class air ticket payable to a travel agency for the account of Emthanjeni Local Municipality. Business class must be especially motivated to Municipal Manager.

2.4 Nomination by a Third Party or Institution

Subject to written confirmation of tariffs payable by the third party or institution concerned, the following policy will be applied:

(i) *Where Council is requested to bear all cost in respect of accommodation, transport, etc.*

- The policy as reflected in 2.1 (i) or (ii) above, will be applied

(ii) *When only part of the cost in respect of accommodation and travel is borne by the third party or institution, and Council is* requested to subsidize part of the costs.

- The difference between the allowances payable by the institutions and the tariffs as reflected in 2.1 above.

(iii) *Where the third party or institution is responsible for all cost in respect of accommodation and transport and not further subsistence allowances are paid to delegates.*

- Fixed amount for incidental expenses @ US$ 350
- Allowance @ US$ 30 per day or part thereof.

(iv) *If all cost is borne by the third party or institution and additional subsistence allowance are paid to the nominees*

- Fixed amount for incidental expenses @ US$350

The policy will be implemented on the 01 July 2019.

EMTHANJENI MUNICIPALITY



DRAFT TARIFF POLICY

FINAL BUDGET 2019/2020 FINANCIAL YEAR

TARIFF POLICY

1 DEFINITIONS

For the purpose of this Policy any word or expressions to which a meaning has been assigned in the Act shall bear the same meaning in this Policy unless the context indicates otherwise-

Trading Services: Are services that the Council has classified as trading services and the tariffs have been compiled with the intention that the Council realises a surplus on the delivery of the services.

Economic services*:* Are services that the Council has classified as such and the tariffs have been compiled with the intention that the total costs of the services are recovered from customers.

Community services*:* Are services that the Council has classified as such and the tariffs have been compiled with the intention that the costs of the services cannot be recovered from public service charges and are of a regulatory nature.

Fixed costs: Are costs that do not vary with consumption or volume produced?

Variable costs*:* These are costs that vary with consumption or volume produced.

Total cost: Is the sum of all fixed and variable costs.

Flat rates: Are the unit tariffs that are calculated by dividing the total costs by volume used.

Two-part tariffs: Are tariffs that are raised to cover the fixed and variable costs separately. The fixed costs are recovered by dividing the total fixed costs by the number of customers per category and the variable costs are recovered by dividing the total variable costs by the volume consumed.

Units consumed: Are the number of units consumed of a particular service and are measured in terms of the units of measurement reflect in Section 6.

2 PURPOSE OF THIS POLICY

The council wishes to achieve the following objectives by adopting this tariff policy:

a. To comply with the provisions of section 74 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).

b. To prescribe procedures for calculating tariffs where the EMTHANJENI MUNICIPALITY wishes to appoint service providers in terms of section 76(b) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).

c. To give guidance to the Councillor responsible for finance regarding tariff proposals that must be submitted to Council annually during the budget process.

3 TARIFF PRINCIPLES

3.1 The Council wishes to record the following tariff principles:

(a) All users of municipal services will be treated equitably. The various categories of customers will pay the same charges based on the same cost structure[1].

(b) The amount payable will be in proportion to usage and based on the tariff structure adopted for the approved category of consumer.

(c) Indigent households will have access to basic services through lifeline tariffs or direct subsidisation in accordance with the Integrated Development Plan[2].

(d) Tariffs will reflect the total cost of services[3].

(e) Tariffs will be set at a level that facilitates the sustainability of services.[4]

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1 Section 74(2) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000);
2 Section 74(2) (c) (i) and (ii).
3 Section 74(2)(d)

3.2 Sustainability will be achieved by ensuring that:

(a) Cash inflows cover cash outflows. This means that sufficient provision for bad debts will be made in accordance with accounting policy.

(b) Access to the capital market is maintained. This will be achieved by providing for the repayment of capital, maintaining sufficient liquidity levels and realising surpluses on trading services.

3.3 Provision will be made in appropriate circumstances for a surcharge on a tariff. This will be necessary for major breakdowns in infrastructure and periods of droughts when a restriction of usage is required[5].

3.4 Providing for penalties to prohibit exorbitant use will encourage efficient and effective use of resources.

3.5 The extent of rebates on tariffs will be disclosed. This will be achieved by publishing the true costs of the service and the rebate as well as the source of the rebate.

4 CATEGORIES OF CUSTOMERS

4.1 The tariff structure of the EMTHANJENI MUNICIPALITY makes provision for the following categories of customers[6]

- domestic;
- commercial;
- industrial;
- agricultural;
- institutional;
- rural;

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4 Section 74(2)(e)
5 Section 74(2)(l)
6 Section 74(3)

- municipal;
- within municipal boundaries;
- not within municipal boundaries; and
- special agreements.

4.2 Where there is a substantial difference between the standard of services provided within a specified category, the Council may, after the presentation of a report by the Municipal Manager or the relevant department, determine differentiated tariffs within the specified category.

5 EXPENDITURE CLASSIFICATION AND COST ELEMENTS

The Chief Financial Officer shall, subject to the guidelines of the Directorate of Finance and Executive Committee of the Council, make provision for the following classification of services:

5.1 Trading services:

(i) Electricity;
(ii) Water.

5.2 Economic services:

(i) Refuse removal;
(ii) Sewerage disposal;
(iii) Recreation Resorts.

5.3 Community services:

i) Air pollution;

ii) Building control;
iii) Cemeteries;
iv) Child care facilities;
v) Control of undertakings that sell liquor to the public;
vi) Facilities for accommodation, care and burial of animals;
vii) Fencing and fences;
viii) Fire fighting services;
ix) Fixed billboards and the display of advertisements in public places;
x) Local economic development;
xi) Licensing and control of undertakings that sell food to the public;
xii) Licensing of dogs;
xiii) Local amenities;
xiv) Local sport facilities;
xv) Local tourism;
xvi) Municipal parks and recreation;
xvii) Municipal planning;
xviii) Municipal public works, only in respect of the needs of municipalities in the discharge of their responsibilities and to administer functions specially assigned to them under the Constitution or any other law;
xix) Municipal roads;
xx) Noise pollution;
xxi) Parking;
xxii) Pounds;
xxiii) Pest control;
xxiv) Public places;

xxv) Storm water management system in built-up areas;

xxvi) Street lighting;

xxvii) Street trading;

xxviii) Trading regulations;

xxix) Traffic.

5.4 Subsidised services:

(i) Libraries;

(ii) Primary health care.

(iii) Proclaimed roads

5.5 Expenditure classification

Subjective classification into various expenditure groups as contained in the National Treasury guidelines and General Recognised Accounting Practises.

5.6 Cost elements

The following cost elements will be used to calculate the tariffs of the different services:

(i) *Fixed costs* which consist of the capital costs (interest) on external loans as well as depreciation whichever are applicable on the service and any other costs of a permanent nature as determined by the Chief Financial Officer from time to time.

(ii) *Variable cost:* This includes all other variable costs that have reference to the service.

(iii) *Total cost* is equal to the fixed cost plus variable cost.

6 DEPOSITS

The raising of deposits is permissible where certain levies are made in arrears and payable with new application for the relevant service:

a) ***Electricity:*** Two times the average monthly consumption of the past 3 months with a minimum as determined annually according to the tariff schedule, where applicable.

b) ***Water:*** Two times the average monthly consumption of the past 3 months with a minimum as determined annually according to the tariff schedule, where applicable.

c) ***Other services:*** As and when required.

d) See tariff schedule for 2019/2020 financial year.

7 TARIFF TYPES

7.1 In setting service charges the Council shall

- accurately reflect costs to achieve economic efficiency;
- ensure equity and fairness between different types and categories of consumers;
- utilise appropriate metering and/or supporting technology; and
- be transparent.

In determining the type of tariff applicable to the type of service the Council shall make use of the following options or a combination of the same:

(i) ***Single tariff:*** This tariff shall consist of a fixed cost per unit consumed. All costs will therefore be recovered through unit charges at the level of breakeven consumption. Surpluses on trading services may be allowed subject to Council approval.

(ii) ***Cost related two part tariff:*** This tariff shall consist of two parts. Management, capital, maintenance and operating costs will be recovered by grouping certain components together e.g. management, capital and maintenance costs may be grouped together and be recovered by a fixed charge, independent of consumption for all classes of consumers, while the variable costs may be recovered by a unit charge per unit consumed.

(iii) ***Inclining block tariff****:* This tariff is based on consumption levels being categorised into blocks, the tariff being determined and increased as consumption levels increase. This tariff will only be used to prohibit the exorbitant use of a commodity. The first step in the tariffs will be calculated at break-even point. Subsequent steps will be calculated to yield profits and to discourage excessive use of the commodity.

(iv) ***Declining block tariff****:* This tariff is the opposite of the inclining block tariff and decreases as consumption levels increase. This tariff will only be used during special agreements and incentives.

(v) ***Availability charges:*** Payable in respect of erven not connected to Council's existing infrastructure. Once Council provided a connection, normal tariffs as per respective service are payable.

(vi) ***Correction of water and electricity service accounts:*** Where customers have been **over charged or under charged** for water services and or electricity (prepaid and conventional meters) services and all other services or rates and taxes levied, the municipality must rectify the over charges or under charges for the water and electricity services and all other services or rates and taxes, immediately when it becomes aware of such an over or under charges, applicable.

(vii) ***Outside Municipal Area:*** These tariffs shall apply to consumers who are not residing within the municipal boundaries but are making use, on application, of certain services.

(viii) ***Recoverable work****:* These tariffs shall apply to consumers who are making use, on application, of certain recoverable cervices. The tariff will be calculated at actual cost plus a surcharge as determined with the actual tariffs.

(ix) ***Augmentation fees:*** Please consult the Augmentation policy as fees are outline in the policy.

8 REBATES

8.1 Rebates are allowed in accordance with the tariff and rate schedule as well reflected in the specific policy as determined by Council annually.

9 UNIT OF MEASUREMENT

The following units of measurement will, where possible and applicable, be used to determine tariffs:

9.1 Water

Water will be measured with a water meter and meters will be read and consumption will be levied on a monthly basis unless the service is rendered through a pre-payment device:

(1) Cost per unit (kilolitres consumed); or

(2) Basic cost plus cost per unit charge (kilolitres consumed); or

(3) When consumption is not measured a flat rate will be applicable.

9.2 Electricity

Electricity will be measured with an electricity meter and meters will be read and consumption will be levied on a monthly basis unless the service is rendered through a pre-payment device:

(1) Maximum demand plus kWh consumed; or

(2) Basic costs or Fixed costs plus kWh consumed; or

(3) Cost per unit (kWh consumed); or

(4) KVA.

9.3 Refuse removal

The annual amount levied is due and payable in monthly payment account. On written request the amount may be raised annually. The levy is payable by the registered owner and recoverable with clearance certificate.

9.4 Sewerage

Annual amount levied is due and payable in monthly payment account. On written request the amount may be raised annually. The levy is payable by the registered owner and recoverable with clearance certificate:

- Basic charge - based on the number of properties within those categories of customers and fixed cost associated with the service.
- Additional charge – based on the area and variable costs of the service.
- Additional charge – based on the number of properties within those categories of customers and variable costs of the service.
- When number of properties is not available a flat rate based on the average consumption per categories of consumers will be applicable.

9.5 Assessment Rates

9.5.1 Assessment rate is calculated taking into account the total net expenditure from the other services less the revenue envisaged based on the total rateable valuations. The assessment rate must be calculated in such a manner that the Council realise a net surplus when adopting its tariffs.

9.5.2 Assessment rates are calculated according to market valuation of property. Annual amount levied due and payable with September account. On written request the amount may be raised monthly. The levy is payable by the registered owner and recoverable with clearance certificate.

9.6 Social benefits

9.6.1 The Council, in order to measure social benefits enjoyed by the community, has approved of the under mentioned standards to achieve cost recovery and to measure service delivery, where possible. These measures will be used to ensure that the service is affordable to the Council, business and households. The measures will be used to determine whether the infrastructure provided is managed effectively and to indicate whether any of the services should be curtailed.

9.6.2 Measures indicated should be calculated annually and used as a guideline to ensure meaningful reporting. Actual unit costs must be compared with budgeted costs.

FUNCTION	**UNIT OF OUTPUT**	**CLASSIFICATION BY COUNCIL**
Airfields	Number of landings	Subsidised
Art Gallery and Museum	Number of attendance	Community
Engineering Administration	Population Percentage of Municipal expenditure	Community
Building Section	Number of plans submitted Value of buildings Municipal value of buildings	Subsidised
Caravan Park	Number of bookings Number of sites	Subsidised
Cemeteries	Number of burials Number of graves	Subsidised
Civic and other halls	Number of bookings	Subsidised
Cleansing, Refuse removal and disposal	Number of removals Population Number of properties	Economic

Corporate Services	Population Percentage of total expenditure	Community (Charged out)
Council General	Population Percentage of total expenditure	Community (Charged out)
Electricity	Number of units purchased Number of units sold Number of connections	Trading
Estates	Number of properties	Economic
Financial Services	Percentage of municipal expenditure Population	Community (Charged out)
Fire	Number of call-outs Number of properties Population	Subsidised
Grant-in-aid	Percentage of rates income	Community
Health - Clinics - Other	Number of attendance Population	Subsidised
Housing (Selling and letting schemes)	Number of dwellings	Economic
Libraries	Number of members Number of book in stock Population	Community
Licensing	Number of licences	Subsidised
Marketing	Number of industrial properties Number of industries	Community
Municipal Manager	Percentage of municipal	Community (Charged out)

	expenditure Population	
Parking	Number of bays	Community
Parks and recreation	Number of properties Population	Community
Personnel administration	Number of municipal staff Population	Community (Charged out)
Recreation resorts	Number of users Population	Economic
Roads and Stormwater (including sidewalks)	Length of roads Population	Community
Security and Civil Defence	Number of installations	Community
Sewerage reticulation (Disposal)	Number of connections Sewerage purified Population	Economic
Street lighting	Number of street lighting	Community
Swimming pools	Number of attendance Population	Subsidised
Stores	Number of stock items held Value of stock Number of orders	Economic (fully charge out)
Town Planning	Number of properties Population	Community
Traffic	Number of registered vehicles Population	Subsidised
Valuations	Number of properties Value of municipal valuations	Community

Water	Number of units sold Cost per unit supplied Length of mains Kilolitres purified Cost per kiloliter purified	Trading

10 BY-LAWS

The principle contained in this policy will be reflected in the various service by-laws as promulgated and adjusted by Council from time to time.

11 COMMENCEMENT

This policy takes effect on 1 JULY 2019.

ANNEXURE 2:
TARIFF LIST

TARIFF FOR MUNICIPAL SERVICES			
	2018/2019	2019/2020	2020/2021
Cemeteries (Vatable Supply)			
Cemetery : Caroluspoort, cemeteries next			
N1 & N12			
Funerals during the week*			
Adults older than 12 years*	**1 316.72**	1 408.89	1 507.51
Children younger than 12 years*	**1 154.21**	1 235.00	1 321.45
Still born child*	**1 049.32**	1 122.77	1 201.37
Extra depth 9 feet (deeper than 2m per 300 mm)*	**1 711.73**	1 831.55	1 959.76
Residents*	**567.33**	612.72	
Non - residents*	**797.32**	861.10	
		-	
Funerals - weekends & public holidays*	**2 364.24**	2 529.74	2 706.82
Extra depth 9 feet (deeper than 2m per 300 mm)*	**3 073.51**	3 288.66	3 518.86
Kareeville, Nonzwakazi, Jansenville, Mziwabantu, Barcelona,			
Hanover & next to Burgerville road*			
Selfdug graves*	**213.22**	228.14	244.11
Children younger than 12 years & still born*	**106.82**	114.29	122.29
**** Tariff exclusive of VAT (15% VAT must still be added to the amount)***			
Housing			
House rent sewerage *	**182.05**	194.79	208.43
House rent refuse *	**114.56**	122.58	131.16
House rent water *	**75.83**	81.14	86.82
Communal Services Charges in Malaykamp, Pampoene	**98.88**	105.80	113.20
**** Tariff exclusive of VAT (15% VAT must still be added to the amount)***			
Building plans ***(Vatable Supply)***	**2018/2019**	2019/2020	2020/2021
Minimum building plan fees*	**343.21**	367.24	392.94
Buildings with a value higher than *			
R150 000, 2 % of value of the building*			
(value calculated per m2)			
Description of building*	**m²**	m²	m²
Economic houses*	**4 322**	4 624.48	4 948.19
Sub-economic houses*	**2 686**	2 873.57	3 074.72
Outbuildings*	**2 692**	2 879.91	3 081.51
Factories and stores and churches*	**3 925**	4 199.54	4 493.50
Offices and business premises*	**4 119**	4 406.86	4 715.34
Multistorey buildings*	**3 925**	4 199.54	4 493.50
Multistorey buildings: Upper floors less 10% of m²*	**Tariff less 10%**		
Toilets*	**4 576**	4 896.51	5 239.26
Canopies higher than 3 metres*	**2 692**	2 879.93	3 081.52
Carports*	**1 208**	1 292.13	1 382.58
Shadeports*	**620**	663.43	709.87

TARIFF FOR MUNICIPAL SERVICES			
	2018/2019	2019/2020	2020/2021
Open verandahs*	**413**	442.39	473.36
Closed verandahs*	**2 149**	2 298.92	2 459.84
Swimming pool*	**2 149**	2 298.92	2 459.84
Communication towers and structures*	**1 271**	1 360.14	1 455.35
Fuel tanks*	**578**	618.25	661.52
Renewable Energy Farms: Fixed Costs (Excluding buildings)*	**4 622**	4 945.97	5 292.19
Sewerage plans : Inspection fees Minimun fee*	**127**	136.01	145.54
5c/ R100.00 of the value of new buildings or alterations*	**5c/R100**		
Building Plan Search fee*	**101.69**	108.81	116.43
Building Rubble/material deposit (pavement)*	**953.37**	1 020.11	1 091.51
Advertisement signs*	**346.68**	370.95	396.91
A4 Paper copies: Plans*			
Plan A1*	**102**	108.81	116.43
Plan A0 *	**178**	190.42	203.75
Photo copies A4*	**3**	2.72	2.91
Photo copies plan A3*	**5**	5.44	5.82
A5 Building plan search fee*	**102**	108.81	116.43
A6 Buidling Rubble/ material deposit (pavement)*	**953**	1 020.11	1 091.51
Sewerage connections *	**3 152**	3 373.05	3 609.17
Land-use applications*			
Zoning certificates*	**137**	146.90	157.18
Extension of approval times frames	**347**	370.95	396.91
Hard Copy : SDF	**289**	309.12	330.76
Hard Copy : Town Planning Scheme	**173**	185.47	198.46
General fees *: Actual Costs for the applicants account 1) Advertisement: Local Newspaper, Government Gazette and any other costs 2) Bulk Services Contribution 3) Appeals	**FOR THE APPLICANT'S ACCOUNT**		
CATEGORY 1 APPLICATIONS (MPT)			
Township establisment *: 0- 20 erven PLUS tariff per erf in addition to the first 20 erven *	**R3300 Basic fee Plus R60 per erf Plus Bulk services contribution per erf**		
Rezoning and Bulk Services contribution only to hugher order usage*	**R3300 Basic fee Plus R60 per erf Plus Bulk services contribution per erf**		
Removal, amendment of suspension of a restrictive or obsolete consition, servitude or reservation register against the title of the land*	**3 467**	3 709.48	3 969.14
Admentment or cancellation in whole o in part of a general plan*	**2 311**	2 472.98	2 646.09

TARIFF FOR MUNICIPAL SERVICES			
	2018/2019	2019/2020	2020/2021
Subdivision/consolidation of any land other than a subdivision and consolidation which is provided for as a Category 2 application; Per additional portion after 5. Then per erf tariff per erf in addition*	**R3300 Basic fee Plus R60 per erf Plus Bulk services contribution per erf**		
Permanent closure if any public place/road*	**2 311**	2 472.98	2 646.09
Any consent or approval required in terms if a condition of title, a condition of establishment of a township or condition of an existing scheme or land use scheme*	**2 311**	2 472.98	2 646.09
CATEGORY 2 APPLICATIONS (Authorised official)			
Su division/consolidation (seperate of simultaneous) of any land where sub division is expressly provided for in a land use scheme' Per additional portion after 5. Then oer erf tariff per erf in addition*	**R2800 Basic fee Plus R60 per erf Plus Bulk services contribution per erf**		
The consent of the municipality for any kand use purpose or departure or deviation in terms of a land use scheme or existing scheme which does not constitute a land development application (Tuck shop, Second Dwelling etc)*	**R2800 Basic fee Plus R60 per erf Plus Bulk services contribution per erf**		
Application to occupational practice, relaxationn of building lines, coverage, boundary wall height, amendment of site development plan*	**347**	370.95	396.91
Removal, amendment of suspension of a restrictive title condition relating to the density of residential development on a specific erf where the residential density is regulated by a land use scheme in operation	**R2300 Basic fee Plus R60 per erf Plus Bulk services contribution per erf**		
Application that where not provided for elsewhere in this schedule*	**2 311**	2 472.98	2 646.09
BULK SERVICES CONTRIBUTION (Water, Electricity, Sewerage)*			
Subdivision - price additional erf*	**12 712**	13 601.41	14 553.51
Second House*	**R62,50/m²**	R66.87/m²	R71.56/m²
Tuck shops*	**3 178**	3 400.35	3 638.38
New Developments: Actual Bulk Costs +10%*	**Actual + 10%**	Actual + 10%	Actual + 10%
Guest houses: Actual Bulk Costs + 10%	**Actual + 10%**	Actual + 10%	Actual + 10%
Guest houses: Minimum Prescribed Costs	**6 000**	6 420.00	6 869.40
**** Tariff exclusive of VAT (15% VAT must still be added to the amount)***			
RENEWABLE ENERGY TARIFFS			
AUGMENTATION CONTRUBUTIONS			
Council will charge ONCE-OFF tariffs when developments bigger than 1Ha			
ONCE OFF AUGMENTATION FEES			
WIND TURBINES			
Electricity augmentatation fees	**12 910.08**	13 813.79	14 780.75

TARIFF FOR MUNICIPAL SERVICES			
	2018/2019	2019/2020	2020/2021
Roads and Stormwater augmentation fees	**4 875.03**	5 216.28	5 581.42
Refuse augmentation fees	**2 849.86**	3 049.36	3 262.81
Sewerage augmentation fees	**23 155.58**	24 776.47	26 510.82
Water augmentation fees	**22 555.89**	24 134.80	25 824.24
Wind Turbines per turbine	**7 502.00**	8 027.14	8 589.04
Any structure additional to turbine: 11 -20 m²	**1 143.45**	1 223.49	1 309.14
Each additional 10m² or part thereof up tp 3000m	**217.80**	233.05	249.36
Greater than 3001m² per 500m² or part thereof	**459.80**	491.99	526.43
ONCE OFF SOLAR PANELS AUGMENTATION FEES			
SOLAR PANELS:			
Electricity augmentatation fees	**12 910.08**	13 813.79	14 780.75
Roads and Stormwater augmentation fees	**4 875.03**	5 216.28	5 581.42
Refuse augmentation fees	**2 849.86**	3 049.36	3 262.81
Sewerage augmentation fees	**23 155.58**	24 776.47	26 510.82
Water augmentation fees	**22 555.89**	24 134.80	25 824.24
Every m² of solar panel constructed	**30.25**	32.37	34.63
Fire prevention	**2018/2019**	2019/2020	2020/2021
A) For each motor pump*			
Call out fee	**825.77**	883.57	945.42
Pump cost - Plus for each jet per hour			
or a portion thereof of during which the			
motor pump is used at the scene of the fire	**223.38**	239.01	255.74
Standby fee - each hour or a portion thereof			
which the motor pump is on standby at the			
scene of the fire.	**825.77**	883.57	945.42
B) For each vehicle called out*	**289.70**	309.98	331.67
C) For each chemical fire extinguisher*			
Normal extinguisher 9 litre*	**156.49**	167.44	179.17
Lux extinguisher*	**289.70**	309.98	331.67
D) Fire brigade vehicles (per km)*	**35.98**	38.50	41.20
E) Patrol vehicle (per km)*	**22.72**	24.31	26.01
F) Tanker vehicle (per km)*	**27.23**	29.14	31.18
Traffic Escort	**450.00**	481.50	515.21
Permission of erection funeral tents*	**750.00**	802.50	858.68
**** Tariff exclusive of VAT (15% VAT must still be added to the amount)***			

TARIFF FOR MUNICIPAL SERVICES			
	2018/2019	2019/2020	2020/2021
Assessment rates (Vatable Supply : Zero-rated)	**2018/2019**	2019/2020	2020/2021
Market Related Vlue			
Residential*	**0.011605**	0.012301	0.013162
Agricultural Properties (1:0.25 irt residential properties)			
(Agricultural Property must take note that the Nett Effect of the Agricultural Levy will be as follows:)*	**0.002901**	0.003075	0.003291
State Owned*	**0.020073**	0.021278	0.022767
Commercial Properties*	**0.016827**	0.017837	0.019085
Industrial*	**0.021184**	0.022455	0.024027
Place of Worship*	**0.011605**	0.012301	0.013162
Public Benefit Organization **(1:0.25 irt residential properties)***	**0.002901**	0.003075	0.003291
Public Service Infrastructure*	**-**	-	
Mining*	**0.021565**	0.022859	0.024459
Vacant Land*	**0.034503**	0.036573	0.039133
Farm property where a portion is used for renewable energy generation purpose (Solar and Wind Mills or Turbines)*	**0.016827**	0.017837 -	0.019085 -
Rebates on Assessment rates			
		-	
Residential on the First Valuation of	**28 000**	28 000	28 000
Agricultural Properties (on application)	**18%**	10%	10%
Place of Worship	**100%**	100%	100%
Public Benefit Organisation (on application)	**18%**	18%	18%
**** Tariff exclusive of VAT (Municipal Rates & Taxes are a Zero-rated (0 %) Taxable Supply)***			
Sale of municipal erven per m^2*		0.13	
Residential Properties			
> De Aar East*	**15.11**	16.17	17.30
> Nonzwakazi*	**15.11**	16.17	17.30
> Britstown*	**15.11**	16.17	17.30
> Hanover*	**15.11**	16.17	17.30
> Solheim / Rantsig*	**55.31**	59.18	63.32
Sale of municipal erven per m^2 for Place of Worship in:			
> De Aar *	**60.87**	65.14	69.69
> Britstown*	**45.65**	48.84	52.26
> Hanover*	**39.57**	42.34	45.30
Industrial Properties			
> De Aar *	**60.87**	65.14	69.69
> Britstown*	**45.65**	48.84	52.26
> Hanover*	**39.57**	42.34	45.30

TARIFF FOR MUNICIPAL SERVICES			
	2018/2019	2019/2020	2020/2021
Other Properties*	**Other Properties will be sold as per SCM Policy after Council`s Authorisation**		
**** Tariff exclusive of VAT (15% VAT must still be added to the amount)***			
Issue of Rates Clearence Certificates *	**134.68**	144.10	154.19
Printing of Duplicate Monthly Service accounts	**1.50**	1.61	1.72
Printing of Duplicate Copies of Deeds of Property from the Deeds Office	**25.00**	26.75 -	28.62 -
**** Tariff exclusive of VAT (15% VAT must still be added to the amount)***			
Electricity (Vatable Supply)*	**2018/2019**	2019/2020	2020/2021
A) Basic levies			
Household *	**151.55**	171.36	183.36
Business *	**194.78**	220.24	235.66
KVA and Transnet *	**153.28**	173.31	185.45
Departmental *	**153.72**	173.82	185.98
Departmental large/Rural*	**143.53**	162.29	173.65
B) Consumption levies (per unit)			
Prepaid meter* - Households			
Prepaid meter * 1 kWh - 50 kWh (Free Indigents only)	**0.87**	0.98	1.05
Prepaid meter * 51 kWh - 350 kWh	**1.15**	1.30	1.40
Prepaid meter * 351 kWh - 600 kWh	**1.63**	1.84	1.97
Prepaid meter * 601 and more	**1.92**	2.18	2.33
Prepaid meter* - Business			
Prepaid meter* - Business from 1kWh	**1.88**	2.12	2.27
Conventional meters - Households *			
Households * 1 kWh - 50 kWh (Free Indigents only)	**0.91**	1.03	1.11
Households *51 kWh - 350 kWh	**1.15**	1.31	1.40
Households *351 kWh - 600 kWh	**1.58**	1.78	1.91
Households *601 kWh and more	**1.68**	1.90	2.04
Conventional meters - Business *			
Business *	**1.96**	2.22	2.38
External consumers *	**1.96**	2.22	2.38
KVA *	**219.40**	248.07	265.44
kWh of KVA *	**1.03**	1.17	1.25

TARIFF FOR MUNICIPAL SERVICES			
	2018/2019	2019/2020	2020/2021
Streetlights *	**1.97**	2.22	2.38
Transnet KVA *(minimum of 700 KVA)	**219.41**	248.09	265.46
Transnet kWh *	**3.17**	3.58	3.83
Departmental : small consumers *	**77.57**	87.71	93.85
Departmental : large KVA *	**93.39**	105.59	112.98
Departmental : large kWh *	**1.07**	1.22	1.30
Departmental : rural small consumers *	**0.82**	0.92	0.99
Departmental : bulk consumers KVA *	**77.57**	87.71	93.85
C) Consumer deposits			
Households	**1 966.12**	2 223.09	2 378.71
Small and medium business	**2 506.51**	2 834.11	3 032.49
KVA Large business	**11 109.42**	12 561.43	13 440.73
KVA Demand Consumer	**11 109.42**	12 561.43	13 440.73
D) Service connections			
Single phase under ground level 60 A *	**6 825.93**	7 718.08	8 258.35
Overhead connection single phase 60 A *	**4 547.95**	5 142.37	5 502.33
3 Phase *	**8 413.71**	9 513.38	10 179.32
6.6 KV or 11 KV	**10 005.49**	11 313.21	12 105.13
Change from conventional meter to prepaid *	**890.63**	1 007.04	1 077.53
Replacing of overhead connection *	**2 528.80**	2 859.32	3 059.47
Replacing of connection under ground *	**2 149.48**	2 430.42	2 600.55
Change from prepaid to conventional meter *	**2 149.48**	2 430.42	2 600.55
Tempory or building connection 60 A :			
single phase *	**6 871.72**	7 769.86	8 313.75
Temporary or building connection 60A	**2 528.80**	2 859.31	3 059.47
3 Phase *	**12 025.52**	13 597.25	14 549.06
Reconnection temporary households *	**226.78**	256.42	274.37
Reconnection temporary business *	**389.11**	439.96	470.76
E) Termination			
Terminated due to non-payment : Households	**226.78**	256.42	274.37
Terminated due to non-payment : Small Business KhW users	**2 437.05**	2 755.57	2 948.46
Terminated due to non-payment : Business & All KVA consume	**4 154.06**	4 697.00	5 025.79
IIllegal Consumption and Tampering of meter - households *	**4 289.80**	4 850.48	5 190.02
IIllegal Consumption and Tampering with meter - business *	**22 239.49**	25 146.19	26 906.42
IIllegal Consumption and Tampering with meter - KVA *	**30 746.98**	34 765.61	37 199.20
Tampering with prepaid meter - households*	**4 289.80**	4 632.99	
Tampering with prepaid meter - business *	**22 239.49**	24 018.65	
E) Call out fees and repair due to consumer	-	-	
faults	-	-	
Meter testing:			
kWh single phase meter *	**563.46**	637.10	681.70
kWh 3 phase meter *	**2 935.54**	3 319.21	3 551.56
Rural *	**2 935.54**	3 319.21	3 551.56
F) Call out fee due to consumer faults			
All area call out fee	**59.32**	67.07	71.77
After hours and Saturdays , Sundays & Public Holidays	**88.98**	100.61	107.65
Sundays & public holidays	**88.98**	96.10	

EMTHANJENI LOCAL MUNICIPALITY			
FINAL TARIFFS FOR MUNICIPAL SERVICES			
	2018/2019	2019/2020	2020/2021
Sundays & public holidays	**88.98**	96.10	
G) Special meter reading when services are			
terminated			
All consumers *	**98.56**	111.45	119.25
F) Removing of service connection			
Requested by consumer	**1 127.08**	1 274.39	1 363.60
Overhead service connection *	**491.91**	556.20	595.14
Under ground *	**708.39**	800.97	857.04
Ticky box electricity*	**568.25**	642.52	687.49
Electricity Hanover Highmass lightning*	**14.82**	16.75	17.93
Provision of Electricity for Stalls, functions in street/parks per day*	**130.50**	147.56	157.89
Prepaid Cards	**11.86**	13.41	14.35
**** Tariff exclusive of VAT (15% VAT must still be added to the amount)***			
Caravan parks & parks facilities (VATABLE SUPPLY)			
Day or a portion of a day - max 4 persons*	**143.61**	153.67	164.42
Per person for more than 4 per day*	**66.60**	71.27	76.26
Electricity per day*	**77.12**	82.51	88.29
Water per day*	**160.50**	171.74	183.76
**** Tariff exclusive of VAT (15% VAT must still be added to the amount)***			
Sewerage and Refuse removal (Vatable Supply: Standard	**2018/2019**	2019/2020	2020/2021
Sewerage and Sanitation			
Households, Churches &Church halls			
Fixed costs *	**101.83**	107.94	116.58
Running costs *	**67.25**	71.29	77.00
Halls, Libraries, Sport clubs, Showground's,			
Swimming pools			
Fixed costs *	**101.83**	107.94	116.58
Running costs *	**134.50**	142.57	153.99
All Businesses			
Fixed costs *	**101.83**	107.94	116.58
Running costs *	**134.50**	142.57	153.99
Old age homes, Creches, Hostels &			
Schools			
Fixed costs *	**101.83**	107.94	116.58
Running costs *	**216.81**	229.81	248.22
Hotels, guest houses & Correctional			
Services			
Fixed costs *	**101.83**	107.94	116.58

TARIFF FOR MUNICIPAL SERVICES			
	2018/2019	2019/2020	2020/2021
Running costs *	**216.84**	229.85	248.26
Availability levy			
Abattoirs (Industrial effluent)*	**366.02**	391.64	419.05
Septic tanks			
Monday to Friday - per load or a			
portion thereof. One free removal per			
month. (Excluding public holidays) *	**145.46**	155.64	166.54
Monday to Friday - per load or a			
portion thereof. Add removal			
Public holidays excluded.*	**94.98**	101.62	108.74
After hours & public holidays (As above)*			
Industrial effluent (85 % of water			
consumption or as determined by contract) per kiloliter*	**4.57**	4.89	5.23
Km to outside of urban area per km *	**33.40**	35.74	38.24
Renewable Energy Site per truck* Payment upfront	**3 059.50**	3 273.67	3 502.82
Waste water removal			
Waste water removal*	**84.53**	89.60	96.78
Water water removal per bucket*	**84.53**	89.60	96.78
Dry sanitation *	**59.58**	63.15	68.21
Sewerage clearance Monday - Friday			
during office hours *	**307.90**	326.38	352.52
Sewerage clearance Monday - Friday	**734.79**	778.88	841.26
After hours & public holidays *			
E) Sewerage connections *	**2 635.46**	2 819.94	3 017.34
Refuse removal	**105.43**	111.76	120.71
Refuse removal*	**105.43**	111.76	120.71
Special refuse removal *	**183.70**	194.73	210.32
Garden and Building rubble per load*	**369.49**	391.66	423.03
Solar Rubble per / Kg self removal*	**49.38**	52.34	56.53
Solar Rubble per / Kg :Removal by the Municipality per truck*	**3 006.75**	3 187.16	3 442.43
**** Tariff exclusive of VAT (15% VAT must still be added to the amount)***			
Town halls and community halls	**2018/2019**	2019/2020	2020/2021
De Aar Town hall West			
Deposit	**826.25**	884.09	945.98
Rent*			
07:00 to 17:59	**827.37**	885.29	947.26
18:00 to 23:59	**1 237.70**	1 324.34	1 417.05
(This amount is applicable if renting from 07:00 - 23:59)			
If there is any major damages not covered			
by the deposit the lessee will be alliable			
for repairs.(Work done departmentally)			

TARIFF FOR MUNICIPAL SERVICES			
	2018/2019	2019/2020	2020/2021
After 23:59 per hour and 2 hours thereafter			
the hall will be closed			
Kitchen per period of part thereof*	**169.48**	181.35	194.04
Electricity - Stoves per kWh*	**7.80**	8.35	8.94
Tables (per table) (if not renting anything else)*			
Hiring of cutlery and crockery and tables*	**621.09**	664.56	711.08
Tariff for broken or damaged items			
per item* (all items below are excluded)			
Cups*	**50.17**	53.68	57.44
Saucers	**50.17**	53.68	57.44
Dessert plates	**50.17**	53.68	57.44
Dinner and soup plates	**50.17**	53.68	57.44
Table spoons	**50.17**	53.68	57.44
Tea spoons	**50.17**	53.68	57.44
Table knifes	**50.17**	53.68	57.44
Table forks	**50.17**	53.68	57.44
Dessert knifes	**50.17**	53.68	57.44
Dessert forks	**50.17**	53.68	57.44
Dessert spoons	**50.17**	53.68	57.44
Soup spoons	**50.17**	53.68	57.44
Dessert bowls	**50.17**	53.68	57.44
Small dessert bowls	**50.17**	53.68	57.44
Small Plates	**50.17**	53.68	57.44
Trays	**50.17**	53.68	57.44
Coffee pots	**313.33**	335.26	358.73
Rent of piano's*			
Upright piono per function	**138.26**	147.94	158.30
Upright piono per practice	**50.17**	53.68	57.44
Grand piano per function	**410.34**	439.07	469.80
Grand piano per practice	**115.97**	124.09	132.77
Bar			
Rent*	**115.97**	124.09	132.77
Rent of Gas Patio Heater (tariff per gas patio heater)	**55.00**	58.85	62.97
Vacation of premisses			
If lessee does not evacuate within time limits			
above of have written permission to stay			
until the next day at 10:00			
, the applicable tariff is	**115.97**	124.09	132.77
Stands			
Stands (for trading)	**50.85**	54.41	58.21
De Aar Town Hall - side hall	**190.67**	204.02	218.30
Caretaker fee	**209.74**	224.42	240.13
De Aar Juvenes Hall			
Rent			
07:00 to 18:00	**467.20**	499.91	534.90

TARIFF FOR MUNICIPAL SERVICES			
	2018/2019	2019/2020	2020/2021
18:00 to 23:59	**621.09**	664.56	711.08
Deposit	**822.38**	879.94	941.54
Caretaker fee	**381.35**	408.04	436.61
Community hall East & Nonzwakazi			
Rent	**209.63**	224.30	240.00
Church services	**209.63**	224.30	240.00
Meetings	**415.91**	445.02	476.18
Film shows & concerts	**516.27**	552.41	591.08
Disco	**209.63**	224.30	240.00
Weddings	**209.63**	224.30	240.00
Social functions	**209.63**	224.30	240.00
Deposit	**428.38**	458.37	490.45
Caretaker fee	**209.74**	224.42	240.13
Vacation of premises			
As applicable for De Aar town hall			
Hanover town hall			
Rent			
07:00 to 18:00	**619.97**	663.37	709.80
18:00 to 23.59	**1 031.42**	1 103.62	1 180.87
Deposit	**1 022.01**	1 093.55	1 170.10
Deposit only cover crockery and cutlery &			
rent, if applicable.			
If there is any major damages not covered			
by the deposit the lessee will be alliable			
for repairs.(Work done departmentally)			
Vacation of premisses			
If lessee does not evacuate within time limits			
above of have written permission to stay			
until the next day at 10:00			
, the applicable tariff is	**115.97**	124.09	132.77
Hanover Community Hall Kwezi			
Rent	**211.59**	226.40	242.24
Church services	**211.59**	226.40	242.24
Meetings	**419.80**	449.18	480.63
Film shows & concerts	**521.09**	557.57	596.60
Disco	**211.59**	226.40	242.24
Weddings	**211.59**	226.40	242.24
Social functions	**211.59**	226.40	242.24
Vacation of premisses			

TARIFF FOR MUNICIPAL SERVICES			
	2018/2019	2019/2020	2020/2021
Same as above for Hanover Town Hall			
Britstown town hall			
Rent			
07:00 to 18:00	**625.76**	669.57	716.44
18:00 to 23:59	**937.52**	1 003.14	1 073.36
After 23:59 per hour and 2 hours thereafter			
the hall will be closed	**835.11**	893.56	956.11
Braai area at Town Hall	**217.22**	232.42	248.69
Vacation of premisses			
If lessee does not evacuate within time limits			
above of have written permission to stay			
until the next day at 10:00			
, the applicable tariff is	**117.05**	125.25	134.01
Deposit			
Kitchen per period of part thereof	**139.85**	149.64	160.12
Electricity - Stoves per kWh	**7.88**	8.43	9.02
*Tariffs do not include VAT			
Vacation of premisses			
If lessee does not evacuate within time limits			
above of have written permission to stay			
until the next day at 10:00			
, the applicable tariff is	**117.05**	125.25	134.01
Community Halls in Jansenville &			
Mziwabantu			
Rent			
Church services	**211.59**	226.40	242.24
Meetings	**211.59**	226.40	242.24
Film shows and concerts	**315.13**	337.19	360.79
Disco	**315.13**	337.19	360.79
Weddings	**211.59**	226.40	242.24
Social functions	**211.59**	226.40	242.24
Vacation of premisses			
If lessee does not evacuate within time limits			
above of have written permission to stay			
until the next day at 10:00			
, the applicable tariff is	**117.05**	125.25	134.01
Multipurpose centre			
Rent Multipurpose centre	**561.97**	601.31	643.40
Deposit	**676.41**	723.75	774.42
Sportgrounds	**2018/2019**	2019/2020	2020/2021

TARIFF FOR MUNICIPAL SERVICES			
	2018/2019	2019/2020	2020/2021
De Aar West			
Athletics			
Rent : Affiliated (Changerooms included)	**1 283.04**	1 372.85	1 468.95
(Marking, layout of lanes and toilet paper excluded)			
Practising on secondary fields on sport grounds: Tariff per an	**1 550.00**	1 658.50	1 774.60
Rent : Not Affiliated	**2 607.73**	2 790.27	2 985.59
(Marking, layout of lanes and toilet paper excluded)			
Rent : Chreche	**584.12**	625.00	668.76
Deposit changerooms and pavilon hall	**1 059.79**	1 133.98	1 213.35
Rent changerooms	**40.63**	43.48	46.52
Rent pavilon hall	**384.91**	411.86	440.69
Floodlights	**296.00**	316.72	338.89
Caretaker fee	**406.30**	434.74	465.17
Rugby			
Rent Field "A"(affiliated changerooms included)	**256.61**	274.57	293.79
Rent Field "B"(affiliated changerooms included)	**189.08**	202.32	216.48
Rent Field "A"(not affiliated)	**584.12**	625.00	668.76
Rent Field "B"(not affiliated)	**339.89**	363.68	389.14
Deposit changerooms and pavilon hall			
Affiliated	**795.48**	851.17	910.75
Not Affiliated	**1 374.20**	1 470.39	1 573.32
Rent changerooms	**406.30**	434.74	465.17
Rent pavilon hall	**384.91**	411.86	440.69
Floodlights	**296.00**	316.72	338.89
Caretaker fee	**406.30**	434.74	465.17
Cricket			
Rent Field "A"	**584.12**	625.00	668.76
Rent Field "B"	**339.89**	363.68	389.14
Deposit changerooms and pavilon hall	**2 169.62**	2 321.49	2 484.00
Rent changerooms	**406.30**	434.74	465.17
Rent pavilon hall	**384.91**	411.86	440.69
Floodlights	**296.00**	316.72	338.89
Caretaker fee	**406.30**	434.74	465.17
**** Tariff exclusive of VAT (15% VAT must still be added to the amount)***			
Drum majorettes	**296.00**		
Schools inhouse comptitions "A" Field	**406.30**		
Schools inhouse comptitions "B" Field	-		
Schools regional competitions "A" Field	-		
Schools regional competitions "B" Field	**25 137 787 746.15**		
Deposit changerooms and pavilon hall	-		
affiliated	**75 539 578 072.32**		
Deposit changerooms and pavilon hall	-		
not affiliated	**58 374 360 665.74**		
Rent changerooms(include pavilon hall 1/7/2004)	**30 081 202 072.80**		
Rent pavilon hall	**27 031 010 254.23**		
Floodlights	**21 877 237 871.12**		
Caretaker fee	**30 081 202 072.80**		
	-		

TARIFF FOR MUNICIPAL SERVICES			
	2018/2019	2019/2020	2020/2021
Social functions			
Deposit changerooms and pavilon hall	**851.91**	911.54	975.35
Rent changerooms	**381.35**	408.04	436.61
Rent pavilon hall	**808.41**	865.00	925.55
Floodlights	**272.08**	291.12	311.50
Caretaker fee	**402.54**	430.72	460.87
Annual fees (Affiliation fees)			
De Aar Rugby Klub	**2 121.95**	2 270.48	2 429.42
Primary De Aar (without trompoppies)	**10 488.19**	11 222.36	12 007.93
High school De Aar	**16 329.94**	17 473.04	18 696.15
If there is any major damages not covered			
by the deposit the lessee will be alliable			
for repairs.(Work done departmentally)			
Merino Park	**336.74**	360.32	385.54
Rent sportsgrounds (not affiliated)	**209.63**	224.30	240.00
Rent sportsgrounds (affiliated)	**95.90**	102.61	109.79
If there is any major damages not covered			
by the deposit the lessee will be alliable			
for repairs.(Work done departmentally)			
Nonzwakazi			
Rent sportsgrounds (not affiliated)	**209.63**	224.30	240.00
Rent sportsgrounds (affiliated)	**95.90**	102.61	109.80
If there is any major damages not covered			
by the deposit the lessee will be alliable			
for repairs.(Work done departmentally)			
Proteaville & Mziwabantu			
Rent sportsgrounds (not affiliated)	**209.63**	224.30	240.00
Rent sportsgrounds (affiliated)	**95.90**	102.61	109.79
If there is any major damages not covered			
by the deposit the lessee will be alliable			
for repairs.(Work done departmentally)			
Kwezi			
Rent sportsgrounds (not affiliated)	**209.63**	224.30	240.00
Rent sportsgrounds (affiliated)	**95.90**	102.61	109.79
If there is any major damages not covered			
by the deposit the lessee will be alliable			
for repairs.(Work done departmentally)			
Criket oval			
Rent			
If there is any major damages not covered			
by the deposit the lessee will be alliable			
for repairs.(Work done departmentally)			
**** Tariff exclusive of VAT (15% VAT must still be added to the amount)***			

TARIFF FOR MUNICIPAL SERVICES			
	2018/2019	2019/2020	2020/2021
Swimming pools*	**2018/2019**	2019/2020	2020/2021
Public swimming pool			
A) Admission fees daily per visit			
Adults	**20.34**	21.76	23.29
Children	**143.64**	153.70	164.45
B) Seasonal admission fees (1/10 - 30/3)*			
Adults	**333.40**	356.74	381.71
Children	**209.63**	224.30	240.00
C) Rent of swimming pool			
Schools 10:00 - 13:00 (Mondays - Fridays)	**415.91**	445.02	476.18
(Saturdays)	**743.74**	795.81	851.51
Provincial level	**1 237.70**	1 324.34	1 417.05
Functions : Schools & Private after 18:00			
D) Deposit	**602.53**	644.71	689.84
E) Flood lights*	**272.08**	291.12	311.50
F) Caretaker fee*	**272.08**	291.12	311.50
Oasis swimming pool			
A) Admission fees daily per visit			
Adults	**16.53**	17.68	18.92
Children	**12.71**	13.60	14.55
B) Seasonal admission fees (1/10 - 30/3)*			
Adults	**293.26**	313.78	335.75
Children	**169.48**	181.35	194.04
C) Rent of swimming pool*			
Schools 10:00 - 13:00 (Mondays - Fridays)	**209.63**	224.30	240.00
(Saturdays)	**311.10**	332.88	356.18
Provincial level	**312.21**	334.06	357.45
Functions : Schools & Private after	**516.27**	552.41	591.08
D) Deposit	**436.01**	466.53	499.19
E) Flood lights*	**293.26**	313.78	335.75
F) Caretaker fee*	**272.08**	291.12	311.50
If there is any major damages not covered			
by the deposit the lessee will be alliable			
for repairs.(Work done departmentally)			
**** Tariff exclusive of VAT (15% VAT must still be added to the amount)***			
Airdome*	**2018/2019**	2019/2020	2020/2021
One engine Aircraft	**117.09**	125.28	134.05
Two engine Aircraft	**129.34**	138.39	148.08
Three and more engine Aircraft	**190.67**	204.02	218.30
Annual airstrip hiring - local	**1 640.27**	1 755.09	1 877.94
**** Tariff exclusive of VAT (15% VAT must still be added to the amount)***			

TARIFF FOR MUNICIPAL SERVICES			
	2018/2019	2019/2020	2020/2021
Water	**2018/2019**	2019/2020	2020/2021
Basic levy per service connection			
Households *	**68.29**	72.38	76.73
Businesses*	**348.82**	369.75	391.94
Defence Force*	**348.82**	369.75	391.94
Industrial *	**348.82**	369.75	391.94
Schools *	**348.82**	369.75	391.94
Flats *	**348.82**	369.75	391.94
Old age homes *	**348.82**	369.75	391.94
Churches *	**64.97**	68.86	73.00
Muncipal activities *	**16.49**	17.48	18.53
Government offices *	**348.82**	369.75	391.94
Hospitals *	**348.82**	369.75	391.94
S A P D *	**348.82**	369.75	391.94
Correctional Services *	**348.82**	369.75	391.94
Transnet *	**348.82**	369.75	391.94
Clinics *	**348.82**	369.75	391.94
Consumptions - Ordinary Households			
1 - 6 kl * (Tariff per kiloliter)	**5.01**	5.31	5.74
7 - 15 kl * (Tariff per kiloliter)	**9.07**	9.61	10.38
16 - 30 kl * (Tariff per kiloliter)	**10.30**	10.92	11.79
31 - 45 kl * (Tariff per kiloliter)	**12.01**	12.73	13.75
46 - 65 kl * (Tariff per kiloliter)	**12.61**	13.37	14.44
66 kl and more * (Tariff per kiloliter)	**13.87**	14.71	15.88
Consumptions - Indigent Households Only			
1 - 6 kl * (Tariff per kiloliter)	**5.01**	5.31	5.74
7 - 15 kl * (Tariff per kiloliter)	**9.07**	9.61	10.38
16 - 30 kl * (Tariff per kiloliter)	**10.30**	10.92	11.79
31 - 45 kl * (Tariff per kiloliter)	**12.01**	12.73	13.75
46 - 65 kl * (Tariff per kiloliter)	**12.61**	13.37	14.44
66 kl and more * (Tariff per kiloliter)	**13.87**	14.71	15.88
NB: Indigent Houeholds received 6kl of water free per month			
Consumptions - All Other Customers incuding Government, Business, Schools			
1 - 6 kl * (Tariff per kiloliter)	**5.01**	5.32	5.74
7 - 15 kl * (Tariff per kiloliter)	**9.07**	9.61	10.38
16 - 30 kl (Tariff per kiloliter)	**10.30**	10.92	11.79
31 - 45 kl * (Tariff per kiloliter)	**12.01**	12.73	13.75
46 - 65 kl * (Tariff per kiloliter)	**12.61**	13.37	14.44
66 kl and more * (Tariff per kiloliter)	**13.87**	14.71	15.88
Consumptions -all other activities excluding			
Households, Municipal, Indigent and Government cons.			
1 - 6 kl * (Tariff per kiloliter)			
7 - 15 kl * (Tariff per kiloliter)			

TARIFF FOR MUNICIPAL SERVICES			
	2018/2019	2019/2020	2020/2021
16 - 30 kl (Tariff per kiloliter)			
31 - 45 kl * (Tariff per kiloliter)			
46 kl and more * (Tariff per kiloliter)			
Consumptions - Muncipal activities			
From 1 kl onwards * (Tariff per kiloliter)	**3.31**	3.54	3.79
Consumer deposit			
Household	**713.61**	763.56	817.01
Business	**1 445.00**	1 546.15	1 654.38
Industrial	**1 882.41**	2 014.18	2 155.17
Government Department	Determined by CFO : Actual cost be the basis		
Testing of meter *	**270.35**	289.28	309.53
Service connections			
20 mm / 15 mm water meter *	**2 178.43**	2 330.92	2 494.08
25 mm / 20 mm water meter *	**2 667.15**	2 853.85	3 053.61
Larger than abovementioned *			
Special meterreadings as requested by			
consumer			
Read of meter *	**169.49**	181.35	194.05
Special meter readings by termination of service *			
service *	**115.42**	123.50	132.15
Residential Communal water *	**66.57**	71.23	76.22
Machinery & Plant equipment	**2018/2019**	2019/2020	2020/2021
Hiring of machinery and plant equipment			
(Excluding Show Grounds)			
Selling of red soil*	**Actual Cost as determined by relevant Director**		
**** Tariff exclusive of VAT (15% VAT must still be added to the amount)***			
Libraries			
Photocopies - per page or part thereof	**2.00**	2.14	2.29
Rent			
Rent of Library Hall (De Aar West, De Aar East, Nonzwakazi, Britstown and Hanover)*	**253.51**	271.25	290.24
Deposit			
Deposit of Library Hall (De Aar West, De Aar East, Nonzwakazi, Britstown and Hanover)	**253.51**	271.25	290.24
**** Tariff exclusive of VAT (15% VAT must still be added to the amount)***			

TARIFF FOR MUNICIPAL SERVICES			
	2018/2019	2019/2020	2020/2021
Guest Houses*	**680.52**	728.16	779.13
Application for Guest House	**700.00**	749.00	801.43
**** Tariff exclusive of VAT (15% VAT must still be added to the amount)***			

2019/20

TOP LAYER SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN

EMTHANJENI MUNICIPALITY

Municipal Finance Management Act:

Section 53(1)(c)(ii) - Approval by the Mayor

The Top Layer Service Delivery Budget Implementation Plan, indicating how the budget and the strategic objectives of Council will be implemented, is herewith submitted in terms of Section 53(1)(c)(ii) of the Municipal Finance Management Act (MFMA), MFMA Circular No. 13 and the Budgeting and Reporting Regulation for the necessary approval.

Print Name I SAK VISSER

Municipal Manager of Emthanjeni Municipality

Signature

Date 19.06.2019

Approval

The Top Layer Service Delivery Budget Implementation Plan is herewith approved in terms of Section 53(1)(c)(ii) of the Municipal Finance Management Act (MFMA).

Print Name S. T. STHONGA

Mayor of Emthanjeni Municipality

Signature

Date 19.06.2019

Ref	Directorate	IDP Objective	KPI	Unit of Measurement	Ward	KPI Owner	Target type	Annual Target	Q1	Q2	Q3	Q4
1	Municipal Manager	Promote representative governance through the sustainable utilization of available resources in consultation with the residents of Emthanjeni Municipality.	Develop Risk based audit plan (RBAP) for 2020/21 and submit to the Audit Committee by 30 June 20209	RBAP for 2020/21 submitted to the Audit Committee by 30 June 2020	All	Municipal Manager	Number	1	0	0	0	1
2	Corporate Services	Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives.	The number of people from employment equity target groups employed (newly appointed) in the three highest levels of management in compliance with the municipality's approved Employment Equity Plan by 30 June 2020	Number of people employed (newly appointed)	All	Director: Corporate Services	Number	1	0	0	0	1
3	Corporate Services	Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives.	0.5% of the personnel budget spent on training as per the approved Skills Development Plan by 30 June 2020 [(Actual total training expenditure/total personnel budget)x100]	% of the personnel budget spent on training by 30 June 2020	All	Director: Corporate Services	Percentage	0.5	0	0	0	0.5
4	Corporate Services	Promote the equitable creation and distribution of wealth in Emthanjeni Municipal area.	Submit a business proposal to council for a key small regeneration programme by 30 June 2020	Business proposal submitted to council by 30 June 2020	All	Director: Corporate Services	Number	1	0	0	0	1
5	Corporate Services	Promote the equitable creation and distribution of wealth in Emthanjeni Municipal area.	Establish a Youth Centre in Hanover by 30 June 2020	Youth Centre established by 30 June 2020	6	Director: Corporate Services	Number	1	0	0	0	1
6	Corporate Services	Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives.	Review the EEP and submit to the Portfolio Committee by 30 June 2020	EEP reviewed and submitted to the Portfolio Committee by 30 June 2020	All	Director: Corporate Services	Number	1	0	0	0	1

Mayor:.....

Date: 19-05-2019

Ref	Directorate	IDP Objective	KPI	Unit of Measurement	Ward	KPI Owner	Target type	Annual Target	Q1	Q2	Q3	Q4
7	Corporate Services	Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives.	Limit vacancy rate to 15% of budgeted posts by 30 June 2020 [(Number of funded posts vacant divided by budgeted funded posts)x100]	[(Number of funded posts vacant divided by budgeted funded posts)x100]	All	Director: Corporate Services	Percentage	15	0	15	0	15
8	Corporate Services	Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives.	Arrange a training sessions for all supervisors on general management by 30 June 2020	Number of training sessions held by 30 June 2020	All	Director: Corporate Services	Number	1	0	0	0	1
9	Corporate Services	Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor	Review the Spatial Development Framework (SDF) and submit to Council by 30 June 2020	SDF submitted to Council by 30 June 2020	All	Director: Corporate Services	Number	1	0	0	0	1
10	Corporate Services	Promote the equitable creation and distribution of wealth in Emthanjeni Municipal area.	Host a LED summit by June 2020	LED summit hosted by 30 June 2020	All	Director: Corporate Services	Number	1	0	0	0	1
11	Corporate Services	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties.	70% of the maintenance budget for Community Halls spent by 30 June 2020 ((Actual expenditure divided by the approved budget)x100)	% of approved Community Halls maintenance budget spent	All	Director: Corporate Services	Percentage	70	5	25	60	70
12	Corporate Services	Promote representative governance through the sustainable utilization of available resources in consultation with the residents of Emthanjeni Municipality	Establish a risk committee by 31 December 2019	Risk Committee established by 31 December 2019	All	Director: Corporate Services	Number	1	0	1	0	0

Mayor:..... Date: 19-06-2019

Ref	Directorate	IDP Objective	KPI	Unit of Measurement	Ward	KPI Owner	Target type	Annual Target	Q1	Q2	Q3	Q4
13	Corporate Services	Promote representative governance through the sustainable utilization of available resources in consultation with the residents of Emthanjeni Municipality.	Review the Risk Strategy and submit to the Risk Committee by 30 June 2020	Risk Strategy reviewed and submitted to the Risk Committee by 30 June 2020	All	Director: Corporate Services	Number	1	0	0	0	1
14	Corporate Services	Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives.	Review the Delegation of Powers and submit to Council by 31 March 2020	Delegation of Powers reviewed and submitted to Council by 31 March 2020	All	Director: Corporate Services	Number	1	0	0	0	1
15	Community Services	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties	Sign a MOU with the Department of Defense by 30 June 2020 for support with fire brigade services	MOU signed by 30 June 2020	All	Director: Community Services	Number	1	0	0	0	1
16	Community Services	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties	Review the disaster management plan that includes contingency plans and submit to Council by 30 June 2020	Disaster management plan reviewed and submitted to Council by 30 June 2020	All	Director: Community Services	Number	1	0	0	0	1
17	Community Services	Provision of access to all basic services rendered to residents within the available resources.	Conduct quarterly housing consumer education programs	Number of housing consumer education programs conducted	All	Director: Community Services	Number	4	1	1	1	1
18	Community Services	Provision of access to all basic services rendered to residents within the available resources.	Conduct a quarterly verification of the housing needs register	Number of verification of the housing needs register conducted	All	Director: Community Services	Number	4	1	1	1	1

Mayor:..... Date: 19-06-2019

Ref	Directorate	IDP Objective	KPI	Unit of Measurement	Ward	KPI Owner	Target type	Annual Target	Q1	Q2	Q3	Q4
19	Community Services	Provision of access to all basic services rendered to residents within the available resources.	Review the Human Settlement Plan and submit to Council by 30 June 2020	Human Settlement Plan reviewed and submitted to Council by 30 June 2020	All	Director: Community Services	Number	1	0	0	0	1
20	Community Services	Provision of access to all basic services rendered to residents within the available resources.	70% of the maintenance budget of waste management spent by 30 June 2020 ((Actual expenditure divided by the approved budget)x100)	% of the budget spent ((Actual expenditure divided by the approved budget)x100)	All	Director: Community Services	Percentage	70	5	25	60	70
21	Community Services	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties.	Submit the draft By-law on Tuck Shops to Council by 30 June 2020	Draft By-law submitted Council	All	Director: Community Services	Number	1	0	0	0	1
22	Community Services	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties.	70% of approved budget spent by 30 June 2020 for the upgrading of buildings and fencing in the Emthanjeni municipal area ((Actual expenditure divided by the total approved budget) x 100)	% of approved budget spent	All	Director: Community Services	Percentage	70	0	15	0	70
23	Community Services	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties.	Submit a business plan to potential funders for the upgrading of the Fire Brigade by 30 June 2020	Business plan submitted by 30 June 2020	All	Director: Community Services	Number	1	0	0	0	1

Mayor:..... Date: 19-06-2019

Ref	Directorate	IDP Objective	KPI	Unit of Measurement	Ward	KPI Owner	Target type	Annual Target	Q1	Q2	Q3	Q4
24	Financial Services	Provision of access to all basic services rendered to residents within the available resources.	Number of formal residential properties that receive piped water (credit and prepaid water) that is connected to the municipal water infrastructure network and billed for the service as at 30 June 2020	Number of residential properties which are billed for water or have pre paid meters as at 30 June 2020	All	Director: Financial Services	Number	8000	8000	8000	8000	8000
25	Financial Services	Provision of access to all basic services rendered to residents within the available resources.	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) and billed for the service as at 30 June 2020	Number of residential properties which are billed for electricity or have pre paid meters (Excluding Eskom areas) as at 30 June 2020	All	Director: Financial Services	Number	7000	7000	7000	7000	7000
26	Financial Services	Provision of access to all basic services rendered to residents within the available resources.	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network for sewerage service, irrespective of the number of water closets (toilets) and billed for the service as at 30 June 2020	Number of residential properties which are billed for sewerage as at 30 June 2020	All	Director: Financial Services	Number	8000	8000	8000	8000	8000
27	Financial Services	Provision of access to all basic services rendered to residents within the available resources.	Number of formal residential properties for which refuse is removed once per week and billed for the service as at 30 June 2020	Number of residential properties which are billed for refuse removal as at 30 June 2020	All	Director: Financial Services	Number	8000	8000	8000	8000	8000

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Ref	Directorate	IDP Objective	KPI	Unit of Measurement	Ward	KPI Owner	Target type	Annual Target	Q1	Q2	Q3	Q4
28	Financial Services	Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor	Provide free basic services to indigent households as at 30 June 2020	Number of indigent households receiving free basic services as at 30 June 2020	All	Director: Financial Services	Number	3000	3000	3000	3000	3000
29	Financial Services	Provision of access to all basic services rendered to residents within the available resources.	The percentage of the municipal capital budget actually spent on capital projects by 30 June 2020 ((Actual amount spent on projects /Total amount budgeted for capital projects)X100)	% of capital budget spent by 30 June 2020	All	Director: Financial Services	Percentage	70	0	15	0	70
30	Financial Services	Maintaining a financially sustainable and viable Municipality	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations as at 30 June 2020((Total operating revenue-operating grants received)/debt service payments due within the year))	Debt coverage	All	Director: Financial Services	Number	2.5	0	0	0	2.5
31	Financial Services	Maintaining a financially sustainable and viable Municipality	Financial viability measured in terms of the outstanding service debtors as at 30 June 2020 (((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue - Operating Conditional Grant)	% of outstanding service debtors	All	Director: Financial Services	Percentage	45	0	0	0	45

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Ref	Directorate	IDP Objective	KPI	Unit of Measurement	Ward	KPI Owner	Target type	Annual Target	Q1	Q2	Q3	Q4
32	Financial Services	Maintaining a financially sustainable and viable Municipality	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2020 (Available cash+ investments)/ Monthly fixed operating expenditure)	Number of months it takes to cover fix operating expenditure with available cash	All	Director: Financial Services	Number	0.6	0	0	0	0.6
33	Financial Services	Maintaining a financially sustainable and viable Municipality	Submit the annual financial statements to the Auditor-General by 31 August 2019	Statements submitted to the AG by 31 August 2019	All	Director: Financial Services	Number	1	1	0	0	0
34	Financial Services	Maintaining a financially sustainable and viable Municipality	Achievement of a payment percentage of above 70% quarterly {(Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off)/Billed Revenue x 100}	Payment % achieved	All	Director: Financial Services	Percentage	70	70	70	70	70
35	Financial Services	Maintaining a financially sustainable and viable Municipality	Prepare and submit the adjustments budget to Council by the 28 February 2020	Adjustments budget submitted by 28 February 2020	All	Director: Financial Services	Number	1	0	0	1	0
36	Financial Services	Maintaining a financially sustainable and viable Municipality	Prepare and submit the draft budget to Council by 31 March 2020	Draft budget submitted by 31 March 2020	All	Director: Financial Services	Number	1	0	0	1	0
37	Financial Services	Maintaining a financially sustainable and viable Municipality	Prepare and submit the final budget to Council by 31 May 2020	Final budget submitted by 31 May 2020	All	Director: Financial Services	Number	1	0	0	0	1
38	Financial Services	Maintaining a financially sustainable and viable Municipality	70% of approved budget spent by 30 June 2020 for MSCOA project compliance {(Actual expenditure divided by the total approved budget) x 100}	% of approved budget spent	All	Director: Financial Services	Percentage	70	0	15	0	70

Mayor:.....

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Ref	Directorate	IDP Objective	KPI	Unit of Measurement	Ward	KPI Owner	Target type	Annual Target	Q1	Q2	Q3	Q4
39	Financial Services	Maintaining a financially sustainable and viable Municipality	70% of approved budget spent by 30 June 2020 for IT reform {(Actual expenditure divided by the total approved budget) x 100}	% of approved budget spent	All	Director: Financial Services	Percentage	70	0	15	0	70
40	Infrastructure Services	Promote the equitable creation and distribution of wealth in Emthanjeni Municipal area.	Create temporary jobs - FTE's in terms of EPWP by 30 June 2020 (Person days / FTE (230 days))	Number of FTE's created	All	Director: Infrastructure Services	Number	61	0	0	0	61
41	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	70% of the water maintenance budget spent by 30 June 2020 ((Actual expenditure divided by the approved budget)x100)	% of approved water maintenance budget spent	All	Director: Infrastructure Services	Percentage	70	5	25	60	70
42	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	Limit % water unaccounted for quarterly to 22% [(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / (Number of Kilolitres Water Purchased or Purified) x 100]	% water unaccounted for	All	Director: Infrastructure Services	Percentage	22	0	0	0	22
43	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	Achieve a 90% water quality quarterly as per SANS 241 requirements for all water sampling points	% water quality level	All	Director: Infrastructure Services	Percentage	90	90	90	90	90
44	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	70% of the waste water maintenance budget spent by 30 June 2020 ((Actual expenditure divided by the approved budget)x100)	% of approved waste water maintenance budget spent	All	Director: Infrastructure Services	Percentage	70	5	25	60	70

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Ref	Directorate	IDP Objective	KPI	Unit of Measurement	Ward	KPI Owner	Target type	Annual Target	Q1	Q2	Q3	Q4
45	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	70% of the roads and stormwater maintenance budget spent by 30 June 2020 ((Actual expenditure divided by the approved budget)X100)	% of approved roads and stormwater maintenance budget spent	All	Director: Infrastructure Services	Percentage	70	5	25	60	70
46	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	Limit % electricity unaccounted for to 18% by 30 June 2020 [(Number of Electricity Units Purchased - Number of Electricity Units Sold) / Number of Electricity Units Purchased) x 100]	% of electricity unaccounted for	All	Director: Infrastructure Services	Percentage	18	0	0	0	18
47	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	70% of the recreational and swimming pool maintenance budget spent by 30 June 2020 ((Actual expenditure divided by the approved budget)X100)	% of approved recreational areas and swimming pool maintenance budget spent	All	Director: Infrastructure Services	Percentage	70	5	25	60	70
48	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	70% of the electricity maintenance budget spent by 30 June 2020 ((Actual expenditure divided by the approved budget)x100)	% of approved electricity maintenance budget spent	All	Director: Infrastructure Services	Percentage	70	5	25	60	70
49	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	70% of approved budget spent by 30 June 2020 for the upgrading of the Khwezi Sports Ground ((Actual expenditure divided by the total approved budget) x 100)	% of approved budget spent	6	Director: Infrastructure Services	Percentage	70	0	15	0	70

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Ref	Directorate	IDP Objective	KPI	Unit of Measurement	Ward	KPI Owner	Target type	Annual Target	Q1	Q2	Q3	Q4
50	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	70% of approved budget spent by 30 June 2020 for the Stormwater Phase 3 {(Actual expenditure divided by the total approved budget) x 100}	% of approved budget spent	7	Director: Infrastructure Services	Percentage	70	0	15	0	70
51	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	70% of approved budget spent by 30 June 2020 for the construction of Nonzwakazi and De Aar East High Mast - Ph1 {(Actual expenditure divided by the total approved budget) x 100}	% of approved budget spent	3	Director: Infrastructure Services	Percentage	70	0	15	0	70
52	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	70% of approved budget spent by 30 June 2020 for the Waterdal refurbishment/upgrading of 6.6 KV to 11 KV Network {(Actual expenditure divided by the total approved budget) x 100}	% of approved budget spent	8	Director: Infrastructure Services	Percentage	70	0	15	0	70
53	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	70% of approved budget spent by 30 June 2020 for the construction of Oxidation Ponds in Britstown {(Actual expenditure divided by the total approved budget) x 100}	% of approved budget spent	7	Director: Infrastructure Services	Percentage	70	0	15	0	70

Mayor:.....

Date: 19-06-2019

Ref	Directorate	IDP Objective	KPI	Unit of Measurement	Ward	KPI Owner	Target type	Annual Target	Q1	Q2	Q3	Q4
54	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	70% of approved budget spent by 30 June 2020 for new vehicles {(Actual expenditure divided by the total approved budget) x 100}	% of approved budget spent	All	Director: Infrastructure Services	Percentage	70	0	15	0	70
55	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	70% of approved budget spent by 30 June 2020 for prepaid meters {(Actual expenditure divided by the total approved budget) x 100}	% of approved budget spent	All	Director: Infrastructure Services	Percentage	70	0	15	0	70
56	Infrastructure Services	Provision of access to all basic services rendered to residents within the available resources.	70% of approved budget spent by 30 June 2020 for new streets and resealing {(Actual expenditure divided by the total approved budget) x 100}	% of approved budget spent	All	Director: Infrastructure Services	Percentage	70	0	15	0	70

Mayor:.....

Date 19-06-2019

Ref	Directorate	Project Description	Funding source	Ward	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Total	2019/2020		2020/2021		2021/2022	
																		ERR	Other	ERR	Other	ERR	Other
1	Infrastructure Services	Upgrading of Khwezi Sports Ground	MIG	6	600,000	600,000	900,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,000,000	891,000			11,491,000		11,491,000				
2	Infrastructure Services	Stormwater Phase 3	MIG	7		800,000	800,000	800,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	478,799		10,078,799		10,078,799				
3	Infrastructure Services	Construction of Nonzwakazi and De Aar East High Mast - Ph1	MIG	3		500,000	500,000	500,000									1,500,000		1,500,000				
4	Infrastructure Services	Waterdal Refurbishment/upgrading of 6.6 KV to 11 KV Network	INEP	8		500,000	500,000	500,000									1,500,000		1,500,000				
5	Infrastructure Services	Construction of Oxidation Ponds in Britstown	RBIG	7		488,750	488,750	488,750	488,750	488,750	488,750	488,750	488,750				3,910,000		3,910,000				
6	Financial Services	MSCOA project compliance	Own	All	131,000	131,000	131,000	131,000	131,000	131,000	131,000	131,000	131,000	131,000	131,000	131,500	1,572,500	1,572,500		1,666,850		1,766,861	
7	Infrastructure Services	New vehicles	Loan	All		6,000,000	6,000,000										12,000,000		12,000,000				
8	Financial Services	IT Reform	Own	All			250,000			250,000			250,000			250,000	1,000,000		1,000,000				
9	Corporate Services	Buildings and Fencing	Own	All			234,500			234,500			234,500			234,500	938,000	938,000		994,280		1,053,937	
10	Financial Services	Computer equipment	Own	All						178,500							178,500	178,500		189,210		200,563	
11	Financial Services	Prepaid Meters	Own	All			177,500			177,500			177,500			177,500	710,000	710,000		752,600		797,756	
12	Infrastructure Services	New streets and Resealing	Own	All			437,500			437,500			437,500			437,500	1,750,000	1,750,000		1,855,000		1,966,300	
13	Community Services	Upgrade Cemeteries	Own	All									9,750				9,750	9,750		10,335		10,955	
14	Financial Services	Replace office equipment	Own	All						40,250						40,250	80,500	80,500		85,330		90,450	
15	Corporate Services	Replace office equipment	Own	All						16,250						16,250	32,500	32,500		34,450		36,517	
16	Infrastructure Services	Replace machinery and equipment	Own	All						21,625						21,625	43,250	43,250		45,845		48,596	
17	Community Services	Replace office equipment	Own	All						10,650						10,650	21,300	21,300		22,578		23,933	
18	Municipal Manager	Replace office equipment	Own	All						7,750							7,750	7,750		8,215		8,708	
19	Financial Services	Grap Compliance	Own	All			64,500			64,500			64,500			64,500	258,000	258,000		273,480		289,889	
20	Financial Services	Replace office equipment	Own	All			23,500			23,500			23,500			23,500	94,000	94,000		99,640		105,618	
21	Financial Services	Replace office equipment	Own	All						7,575						7,575	15,150	15,150		16,059		17,023	
22	Corporate Services	Replace office equipment	Own	All						35,750						35,750	71,500	71,500		75,790		80,337	
23	Financial Services	Replace office equipment	Own	All						6,375						6,375	12,750	12,750		13,515		14,326	

Mayor:.....

Date: 19-06-2019

Monthly Cashflow for the 2019/20 financial year

Function	Jul-19			Aug-19			Sep-19		
	Revenue	Operational Exp.	Capital Exp.	Revenue	Operational Exp.	Capital Exp.	Revenue	Operational Exp.	Capital Exp.
Executive and council	412,932	1,346,642	135,938	412,932	1,346,642	135,938	412,932	1,346,642	135,938
Finance and administration	4,415,927	3,294,103	142,450	4,415,927	3,294,103	142,450	4,415,927	3,294,103	142,450
Internal audit	0	74,953		0	74,953		0	74,953	
Community and social services	75,723	1,131,436	105,750	75,723	1,131,436	105,750	75,723	1,131,436	105,750
Sport and recreation	15,412	462,002	2,854	15,412	462,002	2,854	15,412	462,002	2,854
Public safety	454,381	834,739	2,538	454,381	834,739	2,538	454,381	834,739	2,538
Housing	4,101	210,589		4,101	210,589		4,101	210,589	
Health	0	13,906		0	13,906		0	13,906	
Planning and development	2,239,750	1,198,107		2,239,750	1,198,107		2,239,750	1,198,107	
Road transport	45,032	1,529,888	2,512,925	45,032	1,529,888	2,512,925	45,032	1,529,888	2,512,925
Energy sources	7,439,300	7,082,714	314,167	7,439,300	7,082,714	314,167	7,439,300	7,082,714	314,167
Water management	3,683,448	1,395,357	575,833	3,683,448	1,395,357	575,833	3,683,448	1,395,357	575,833
Waste water management	2,423,229	1,193,283	58,333	2,423,229	1,193,283	58,333	2,423,229	1,193,283	58,333
Waste management	1,426,918	1,133,696	184,083	1,426,918	1,133,696	184,083	1,426,918	1,133,696	184,083
Other	0	47,502		0	47,502		0	47,502	
TOTAL	22,636,153	20,948,918	4,034,871	22,636,153	20,948,918	4,034,871	22,636,153	20,948,918	4,034,871

Function	Oct-19			Nov-19			Dec-19		
	Revenue	Operational Exp.	Capital Exp.	Revenue	Operational Exp.	Capital Exp.	Revenue	Operational Exp.	Capital Exp.
Executive and council	412,932	1,346,642	135,938	412,932	1,346,642	135,938	412,932	1,346,642	135,938
Finance and administration	4,415,927	3,294,103	142,450	4,415,927	3,294,103	142,450	4,415,927	3,294,103	142,450
Internal audit	0	74,953		0	74,953		0	74,953	
Community and social services	75,723	1,131,436	105,750	75,723	1,131,436	105,750	75,723	1,131,436	105,750
Sport and recreation	15,412	462,002	2,854	15,412	462,002	2,854	15,412	462,002	2,854
Public safety	454,381	834,739	2,538	454,381	834,739	2,538	454,381	834,739	2,538
Housing	4,101	210,589		4,101	210,589		4,101	210,589	
Health	0	13,906		0	13,906		0	13,906	
Planning and development	2,239,750	1,198,107		2,239,750	1,198,107		2,239,750	1,198,107	
Road transport	45,032	1,529,888	2,512,925	45,032	1,529,888	2,512,925	45,032	1,529,888	2,512,925
Energy sources	7,439,300	7,082,714	314,167	7,439,300	7,082,714	314,167	7,439,300	7,082,714	314,167
Water management	3,683,448	1,395,357	575,833	3,683,448	1,395,357	575,833	3,683,448	1,395,357	575,833
Waste water management	2,423,229	1,193,283	58,333	2,423,229	1,193,283	58,333	2,423,229	1,193,283	58,333
Waste management	1,426,918	1,133,696	184,083	1,426,918	1,133,696	184,083	1,426,918	1,133,696	184,083
Other	0	47,502		0	47,502		0	47,502	
TOTAL	22,636,153	20,948,918	4,034,871	22,636,153	20,948,918	4,034,871	22,636,153	20,948,918	4,034,871

Mayor:.....

Date: 19-06-2019

Monthly Cashflow for the 2019/20 financial year

Emthanjeni Municipality

Function	Jan-20			Feb-20			Mar-20		
	Revenue	Operational Exp.	Capital Exp.	Revenue	Operational Exp.	Capital Exp.	Revenue	Operational Exp.	Capital Exp.
Executive and council	412,932	1,346,642	135,938	412,932	1,346,642	135,938	412,932	1,346,642	135,938
Finance and administration	4,415,927	3,294,103	142,450	4,415,927	3,294,103	142,450	4,415,927	3,294,103	142,450
Internal audit	0	74,953		0	74,953		0	74,953	
Community and social services	75,723	1,131,436	105,750	75,723	1,131,436	105,750	75,723	1,131,436	105,750
Sport and recreation	15,412	462,002	2,854	15,412	462,002	2,854	15,412	462,002	2,854
Public safety	454,381	834,739	2,538	454,381	834,739	2,538	454,381	834,739	2,538
Housing	4,101	210,589		4,101	210,589		4,101	210,589	
Health	0	13,906		0	13,906		0	13,906	
Planning and development	2,239,750	1,198,107		2,239,750	1,198,107		2,239,750	1,198,107	
Road transport	45,032	1,529,888	2,512,925	45,032	1,529,888	2,512,925	45,032	1,529,888	2,512,925
Energy sources	7,439,300	7,082,714	314,167	7,439,300	7,082,714	314,167	7,439,300	7,082,714	314,167
Water management	3,683,448	1,395,357	575,833	3,683,448	1,395,357	575,833	3,683,448	1,395,357	575,833
Waste water management	2,423,229	1,193,283	58,333	2,423,229	1,193,283	58,333	2,423,229	1,193,283	58,333
Waste management	1,426,918	1,133,696	184,083	1,426,918	1,133,696	184,083	1,426,918	1,133,696	184,083
Other	0	47,502		0	47,502		0	47,502	
TOTAL	22,636,153	20,948,918	4,034,871	22,636,153	20,948,918	4,034,871	22,636,153	20,948,918	4,034,871

Function	Apr-20			May-20			Jun-20		
	Revenue	Operational Exp.	Capital Exp.	Revenue	Operational Exp.	Capital Exp.	Revenue	Operational Exp.	Capital Exp.
Executive and council	412,932	1,346,642	135,938	412,932	1,346,642	135,938	412,932	1,297,551	135,938
Finance and administration	4,415,927	3,294,103	142,450	4,415,927	3,294,103	142,450	6,544,326	2,587,066	12,242,450
Internal audit	0	74,953		0	74,953		0	74,953	
Community and social services	75,723	1,131,436	105,750	75,723	1,131,436	105,750	668,375	1,656,468	-1,094,250
Sport and recreation	15,412	462,002	2,854	15,412	462,002	2,854	11,956,412	-123,281	2,854
Public safety	454,381	834,739	2,538	454,381	834,739	2,538	451,781	731,907	2,538
Housing	4,101	210,589		4,101	210,589		4,102	158,634	
Health	0	13,906		0	13,906		0	12,039	
Planning and development	2,239,750	1,198,107		2,239,750	1,198,107		-22,134,400	1,009,953	
Road transport	45,032	1,529,888	2,512,925	45,032	1,529,888	2,512,925	45,032	78,485	-32,925
Energy sources	7,439,300	7,082,714	314,167	7,439,300	7,082,714	314,167	13,918,706	13,101,640	-1,685,833
Water management	3,683,448	1,395,357	575,833	3,683,448	1,395,357	575,833	526,895	-641,937	-1,968,367
Waste water management	2,423,229	1,193,283	58,333	2,423,229	1,193,283	58,333	18,054,268	-1,219,732	-641,667
Waste management	1,426,918	1,133,696	184,083	1,426,918	1,133,696	184,083	1,785,507	-689,493	-2,015,917
Other	0	47,502		0	47,502		0	-39,342	
TOTAL	22,636,153	20,948,918	4,034,871	22,636,153	20,948,918	4,034,871	32,233,935	17,994,911	4,944,821

Mayor:.....

Date: 19-06-2019

Monthly Cashflow for the 2019/20 financial year

Emthanjeni Municipality

Function	TOTAL		
	Revenue	Operational Exp.	Capital Exp.
Executive and council	4,955,185	16,110,617	1,631,250
Finance and administration	55,119,528	38,822,202	13,809,400
Internal audit	0	899,441	0
Community and social services	1,501,327	14,102,259	69,000
Sport and recreation	12,125,943	4,958,741	34,250
Public safety	5,449,969	9,914,040	30,450
Housing	49,214	2,475,113	0
Health	0	165,003	0
Planning and development	2,502,850	14,189,130	0
Road transport	540,387	16,907,255	27,609,250
Energy sources	95,751,009	91,011,494	1,770,000
Water management	41,044,818	14,706,989	4,365,800
Waste water management	44,709,790	11,906,377	0
Waste management	17,481,599	11,781,166	9,000
Other	0	483,180	0
TOTAL	281,231,619	248,433,007	49,328,400

Mayor:.....

Date: 19-06-2019

Revenue by Source for the 2019/20 financial year

Emthanjeni Municipality

Line Item	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	TOTAL
Property rates	2,587,237	2,587,237	2,587,237	2,587,237	2,587,237	2,587,237	2,587,237	2,587,237	2,587,237	2,587,237	2,587,237	2,587,237	31,046,847
Service charges - electricity revenue	4,959,157	4,959,157	4,959,157	4,959,157	4,959,157	4,959,157	4,959,157	4,959,157	4,959,157	4,959,157	4,959,157	4,959,157	59,509,886
Service charges - water revenue	2,655,537	2,655,537	2,655,537	2,655,537	2,655,537	2,655,537	2,655,537	2,655,537	2,655,537	2,655,537	2,655,537	2,655,537	31,866,448
Service charges - sanitation revenue	1,619,481	1,619,481	1,619,481	1,619,481	1,619,481	1,619,481	1,619,481	1,619,481	1,619,481	1,619,481	1,619,481	1,619,481	19,433,774
Service charges - refuse revenue	929,010	929,010	929,010	929,010	929,010	929,010	929,010	929,010	929,010	929,010	929,010	929,010	11,148,114
Rental of facilities and equipment	74,252	74,252	74,252	74,252	74,252	74,252	74,252	74,252	74,252	74,252	74,252	160,804	977,581
Interest earned - external investments	87,995	87,995	87,995	87,995	87,995	87,995	87,995	87,995	87,995	87,995	87,995	1,087,995	2,055,940
Interest earned - outstanding debtors	119,005	119,005	119,005	119,005	119,005	119,005	119,005	119,005	119,005	119,005	119,005	119,006	1,428,060
Dividends received	0	0	0	0	0	0	0	0	0	0	0	0	0
Fines, penalties and forfeits	335,231	335,231	335,231	335,231	335,231	335,231	335,231	335,231	335,231	335,231	335,231	139,089	3,826,630
Licences and permits	187,991	187,991	187,991	187,991	187,991	187,991	187,991	187,991	187,991	187,991	187,991	190,902	2,258,808
Agency services	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers and subsidies	3,985,000	3,985,000	3,985,000	3,985,000	3,985,000	3,985,000	3,985,000	3,985,000	3,985,000	3,985,000	3,985,000	5,960,550	49,795,550
Other revenue	2,490,672	2,490,672	2,490,672	2,490,672	2,490,672	2,490,672	2,490,672	2,490,672	2,490,672	2,490,672	2,490,672	2,490,672	29,888,070
Gains on disposal of PPE	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	-183,333	0
TOTAL	20,047,236	20,047,236	20,047,236	20,047,236	20,047,236	20,047,236	20,047,236	20,047,236	20,047,236	20,047,236	20,047,236	22,716,107	243,235,708

Mayor:.....

Date: 19-06-2019

ANNEXURE 4:
A-SCHEDULES

NC073 Emthanjeni - Table A1 Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Financial Performance										
Property rates	**26 117**	30 752	31 790	29 289	29 289	29 289	29 289	32 175	34 106	36 152
Service charges	106 891	118 289	126 070	124 091	115 055	115 055	115 055	157 675	166 742	176 515
Investment revenue	1 201	1 390	1 468	987	987	987	–	2 056	2 200	2 354
Transfers recognised - operational	40 635	40 221	39 109	44 186	44 186	44 186	–	49 796	51 413	55 169
Other own revenue	24 403	24 597	14 548	36 390	36 390	36 390	28 154	10 732	11 467	12 254
Total Revenue (excluding capital transfers and contributions)	199 248	215 249	212 986	234 944	225 907	225 907	172 499	252 434	265 929	282 443
Employee costs	70 984	68 489	143 006	82 291	82 291	82 291	82 291	89 208	95 009	101 143
Remuneration of councillors	4 401	4 835	5 335	5 840	5 840	5 840	–	6 631	6 976	7 078
Depreciation & asset impairment	62 117	59 128	62 755	9 599	9 599	9 599	9 599	10 175	10 785	11 369
Finance charges	1 761	3 365	8 175	2 219	2 219	2 219	–	2 038	1 915	1 478
Materials and bulk purchases	66 010	71 252	67 978	85 919	85 919	85 919	64 814	85 045	90 714	96 853
Transfers and grants	–	–	–	–	–	–	–	1 913	2 116	2 194
Other expenditure	60 319	69 741	64 643	60 295	58 320	58 320	51 107	50 140	48 201	50 819
Total Expenditure	265 592	276 811	351 892	246 162	244 187	244 187	207 811	245 151	255 715	270 934
Surplus/(Deficit)	(66 344)	(61 562)	(138 906)	(11 218)	(18 280)	(18 280)	(35 312)	7 283	10 213	11 509
Transfers and subsidies - capital (monetary allocations) (N	9 155	10 478	33 782	52 190	52 190	52 190	–	29 784	16 429	17 261
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(57 190)	(51 085)	(105 124)	40 972	33 910	33 910	(35 312)	37 068	26 642	28 770
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(57 190)	(51 085)	(105 124)	40 972	33 910	33 910	(35 312)	37 068	26 642	28 770
Capital expenditure & funds sources										
Capital expenditure	**11 646**	20 832	33 178	58 436	58 436	58 436	–	48 873	22 573	23 774
Transfers recognised - capital	**10 195**	10 478	30 804	52 190	52 190	52 190	–	29 784	16 429	17 261
Borrowing	**1 156**	9 497	–	–	–	–	–	12 000	–	–
Internally generated funds	**295**	856	2 374	6 246	6 246	6 246	–	7 088	6 144	6 513
Total sources of capital funds	**11 646**	20 832	33 178	58 436	58 436	58 436	–	48 873	22 573	23 774
Financial position										
Total current assets	**138 300**	74 049	84 383	65 371	67 257	67 257	67 257	71 273	80 105	88 484
Total non current assets	**832 698**	867 266	860 127	1 147 680	1 143 852	1 143 852	1 143 852	911 213	933 799	957 150
Total current liabilities	**61 066**	69 777	94 970	52 820	55 647	55 647	55 647	63 668	68 373	70 627
Total non current liabilities	**47 126**	48 913	83 832	37 143	37 143	37 143	37 143	52 247	59 571	20 550
Community wealth/Equity	**862 806**	822 624	765 708	1 123 088	1 118 319	1 118 319	1 118 319	866 572	885 960	954 457
Cash flows										
Net cash from (used) operating	**21 912**	9 520	35 867	58 176	52 646	52 646	52 646	36 719	24 136	24 484
Net cash from (used) investing	**(11 554)**	(20 047)	(32 364)	(58 236)	(54 408)	(54 408)	(54 408)	(48 673)	(22 373)	(23 574)
Net cash from (used) financing	**(1 528)**	6 451	(3 344)	98	924	1 206	552	11 501	(565)	(618)
Cash/cash equivalents at the year end	**7 524**	3 448	2 943	977	2 105	2 387	1 733	826	2 024	2 316
Cash backing/surplus reconciliation										
Cash and investments available	**7 524**	3 473	2 971	1 007	2 893	2 893	2 893	826	1 108	454
Application of cash and investments	**1 862**	9 018	24 108	(7 947)	(4 964)	(4 964)	(7 434)	2 483	1 969	(2 905)
Balance - surplus (shortfall)	**5 662**	(5 545)	(21 136)	8 953	7 857	7 857	10 327	(1 657)	(861)	3 358
Asset management										
Asset register summary (WDV)	**868 249**	962 962	1 025 172	1 091 142	1 087 315	1 087 315	1 087 315	1 098 188	1 109 170	1 120 261
Depreciation	**62 117**	59 128	62 755	9 599	9 599	9 599	9 599	9 599	10 175	10 785
Renewal and Upgrading of Existing Assets	**1 210**	11 238	6 790	6 246	6 246	6 246	6 246	17 351	5 363	5 685
Repairs and Maintenance	**11 590**	12 225	8 040	21 104	21 104	21 104	21 104	14 575	13 938	14 630
Free services										
Cost of Free Basic Services provided	**–**	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	**–**	–	–	23 782	23 782	23 782	9 804	9 804	10 366	10 988
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	19	0	–	–	–	–	–	–	–	–
Energy:	1	1	1	1	1	1	0	0	0	–
Refuse:	–	–	–	–	–	–	–	–	–	–

NC073 Emthanjeni - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional										
Governance and administration		**46 161**	**52 456**	**53 968**	**53 962**	**53 962**	**53 962**	**60 075**	**63 935**	**68 110**
Executive and council		3 939	4 520	2 985	4 545	4 545	4 545	4 955	5 307	5 694
Finance and administration		42 222	47 936	50 983	49 418	49 418	49 418	55 120	58 628	62 417
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		**21 157**	**19 945**	**13 595**	**6 857**	**6 857**	**6 857**	**20 125**	**8 837**	**9 397**
Community and social services		1 906	1 976	1 777	1 542	1 542	1 542	1 602	1 794	1 862
Sport and recreation		182	172	148	173	173	173	12 126	198	212
Public safety		19 009	17 107	10 701	5 096	5 096	5 096	6 349	6 793	7 268
Housing		60	691	968	46	46	46	49	52	55
Health		–	–	1	–	–	–	–	–	–
Economic and environmental services		**9 382**	**7 905**	**15 089**	**13 506**	**13 592**	**13 592**	**3 043**	**578**	**619**
Planning and development		999	1 593	1 000	13 001	13 087	13 087	2 503	–	–
Road transport		8 383	6 312	14 088	505	505	505	540	578	619
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		**131 703**	**145 421**	**164 117**	**206 371**	**199 254**	**199 254**	**198 975**	**209 007**	**221 578**
Energy sources		72 801	73 287	84 033	87 524	85 411	85 411	95 304	114 872	121 758
Water management		27 000	33 071	46 094	74 586	74 084	74 084	41 053	43 459	46 009
Waste water management		19 900	25 041	22 822	27 823	25 377	25 377	44 927	31 896	33 866
Waste management		12 001	14 022	11 169	16 438	14 383	14 383	17 690	18 780	19 944
Other	4	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Revenue - Functional	2	**208 403**	**225 727**	**246 768**	**280 696**	**273 666**	**273 666**	**282 218**	**282 358**	**299 704**
Expenditure - Functional										
Governance and administration		**44 249**	**46 819**	**57 910**	**55 620**	**54 372**	**54 372**	**55 806**	**57 861**	**60 223**
Executive and council		12 357	9 161	19 419	14 956	16 005	16 005	16 109	17 014	17 582
Finance and administration		31 892	37 658	38 491	39 819	37 521	37 521	38 797	39 891	41 626
Internal audit		–	–	–	846	846	846	899	956	1 015
Community and public safety		**50 476**	**36 019**	**34 330**	**31 321**	**30 746**	**30 746**	**31 614**	**33 679**	**35 693**
Community and social services		27 338	19 711	19 040	13 559	13 408	13 408	14 102	15 061	15 961
Sport and recreation		3 979	4 225	4 301	5 388	5 268	5 268	4 959	5 278	5 618
Public safety		8 044	8 240	7 280	9 795	9 538	9 538	9 913	10 533	11 127
Housing		10 854	3 822	3 672	2 420	2 373	2 373	2 475	2 632	2 802
Health		262	21	37	160	158	158	165	175	185
Economic and environmental services		**34 353**	**35 453**	**37 185**	**30 120**	**32 561**	**32 561**	**30 679**	**32 391**	**34 231**
Planning and development		20 882	15 439	15 530	13 656	16 676	16 676	14 189	14 870	15 609
Road transport		13 471	20 014	21 654	16 465	15 885	15 885	16 489	17 521	18 622
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		**135 147**	**157 618**	**154 525**	**120 500**	**118 450**	**118 450**	**126 569**	**131 271**	**140 241**
Energy sources		69 876	90 423	96 539	78 885	78 127	78 127	88 174	92 054	98 877
Water management		25 637	34 937	29 571	14 355	14 076	14 076	14 707	15 633	16 513
Waste water management		30 037	18 541	16 923	15 570	15 055	15 055	11 906	11 054	11 520
Waste management		9 597	13 717	11 492	11 689	11 192	11 192	11 781	12 530	13 331
Other	4	**1 614**	**1 265**	**1 228**	**615**	**450**	**450**	**483**	**514**	**547**
Total Expenditure - Functional	3	**265 840**	**277 173**	**285 177**	**238 177**	**236 578**	**236 578**	**245 151**	**255 715**	**270 934**
Surplus/(Deficit) for the year		**(57 437)**	**(51 446)**	**(38 409)**	**42 520**	**37 087**	**37 087**	**37 068**	**26 642**	**28 770**

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes

2. Total Revenue by functional classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)

3. Total Expenditure by Functional Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)

4. All amounts must be classified under a functional classification . The GFS function 'Other' is only for Abbatoirs, Air Transport, Forestry, Licensing and Regulation, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification.

NC073 Emthanjeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote	1									
Vote 1 - EXECUTIVE AND COUNCIL		3 939	4 520	2 985	4 545	4 545	4 545	4 955	5 307	5 694
Vote 2 - FINANCE AND ADMINISTRATION		42 222	47 936	50 983	49 418	49 418	49 418	55 120	58 628	62 417
Vote 3 - PLANNING AND DEVELOPMENT		999	1 593	1 000	13 001	13 087	13 087	2 503	–	–
Vote 4 - HEALTH		–	–	1	–	–	–	–	–	–
Vote 5 - COMMUNITY AND SOCIAL SERVICES		1 906	1 976	1 777	1 542	1 542	1 542	1 602	1 794	1 862
Vote 6 - PUBLIC SAFETY		19 009	17 107	10 701	5 096	5 096	5 096	6 349	6 793	7 268
Vote 7 - SPORT AND RECREATION		182	172	148	173	173	173	12 126	198	212
Vote 8 - ROAD TRANSPORT		8 383	6 312	14 088	505	505	505	540	578	619
Vote 9 - OTHER		–	–	–	–	–	–	–	–	–
Vote 10 - HOUSING SERVICES		60	691	968	46	46	46	49	52	55
Vote 11 - WASTE MANAGEMENT		12 001	14 022	11 169	18 006	15 950	15 950	17 690	18 780	19 944
Vote 12 - WASTE WATER MANAGEMENT		19 900	25 041	22 822	29 552	27 106	27 106	44 927	31 896	33 866
Vote 13 - ELECTRICITY		72 801	73 287	84 033	88 946	86 713	86 713	95 304	114 872	121 758
Vote 14 - WATER		27 000	33 071	46 094	69 866	69 484	69 484	41 053	43 459	46 009
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	**208 403**	**225 727**	**246 768**	**280 696**	**273 666**	**273 666**	**282 218**	**282 358**	**299 704**
Expenditure by Vote ***to be appropriated***	1									
Vote 1 - EXECUTIVE AND COUNCIL		12 357	9 161	19 419	15 901	16 792	16 792	17 008	17 970	18 597
Vote 2 - FINANCE AND ADMINISTRATION		31 892	37 658	38 491	39 513	37 543	37 543	38 797	39 891	41 626
Vote 3 - PLANNING AND DEVELOPMENT		20 882	15 439	15 530	13 761	16 916	16 916	14 189	14 870	15 609
Vote 4 - HEALTH		262	21	37	160	158	158	165	175	185
Vote 5 - COMMUNITY AND SOCIAL SERVICES		27 338	19 711	19 040	13 559	13 471	13 471	14 102	15 061	15 961
Vote 6 - PUBLIC SAFETY		8 044	8 240	7 280	9 795	9 530	9 530	9 913	10 533	11 127
Vote 7 - SPORT AND RECREATION		3 979	4 225	4 301	5 388	5 233	5 233	4 959	5 278	5 618
Vote 8 - ROAD TRANSPORT		13 471	20 014	21 654	18 032	17 402	17 402	16 489	17 521	18 622
Vote 9 - OTHER		1 614	1 265	1 228	697	536	536	483	514	547
Vote 10 - HOUSING SERVICES		10 854	3 822	3 672	2 420	2 373	2 373	2 475	2 632	2 802
Vote 11 - WASTE MANAGEMENT		9 597	13 717	11 492	13 257	12 784	12 784	11 781	12 530	13 331
Vote 12 - WASTE WATER MANAGEMENT		30 037	18 541	16 923	17 300	16 785	16 785	11 906	11 054	11 520
Vote 13 - ELECTRICITY		69 876	90 423	96 539	73 909	72 785	72 785	88 174	92 054	98 877
Vote 14 - WATER		25 637	34 937	29 571	16 073	15 808	15 808	14 707	15 633	16 513
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	**265 840**	**277 173**	**285 177**	**239 764**	**238 115**	**238 115**	**245 151**	**255 715**	**270 934**
Surplus/(Deficit) for the year	2	**(57 437)**	**(51 446)**	**(38 409)**	**40 933**	**35 550**	**35 550**	**37 068**	**26 642**	**28 770**

References

1. Insert 'Vote'; e.g. department, if different to functional classification structure

2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)

3. Assign share in 'associate' to relevant Vote

NC073 Emthanjeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source											
Property rates	2	26 117	30 752	31 790	29 289	29 289	29 289	29 289	32 175	34 106	36 152
Service charges - electricity revenue	2	67 805	76 314	72 882	58 374	56 141	56 141	56 141	89 587	94 863	100 661
Service charges - water revenue	2	22 236	24 128	29 572	32 365	30 063	30 063	30 063	35 941	37 966	40 095
Service charges - sanitation revenue	2	10 937	11 622	17 344	20 780	18 334	18 334	18 334	20 431	21 554	22 730
Service charges - refuse revenue	2	5 913	6 225	6 273	12 572	10 517	10 517	10 517	11 716	12 359	13 029
Rental of facilities and equipment		788	833	852	833	833	833	–	1 078	1 152	1 230
Interest earned - external investments		1 201	1 390	1 468	987	987	987	–	2 056	2 200	2 354
Interest earned - outstanding debtors		558	882	1 479	1 335	1 335	1 335	–	1 428	1 528	1 635
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		19 399	16 970	9 202	3 760	3 760	3 760	–	4 598	4 920	5 264
Licences and permits		520	1 441	1 630	2 108	2 108	2 108	–	2 259	2 417	2 586
Agency services		–	–		–	–	–	–	–	–	–
Transfers and subsidies		40 635	40 221	39 109	44 186	44 186	44 186	–	49 796	51 413	55 169
Other revenue	2	3 138	3 757	3 329	28 154	28 154	28 154	28 154	1 369	1 450	1 538
Gains on disposal of PPE		–	714	(1 945)	200	200	200	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		**199 248**	**215 249**	**212 986**	**234 944**	**225 907**	**225 907**	**172 499**	**252 434**	**265 929**	**282 443**
Expenditure By Type											
Employee related costs	2	70 984	68 489	143 006	82 291	82 291	82 291	82 291	89 208	95 009	101 143
Remuneration of councillors		4 401	4 835	5 335	5 840	5 840	5 840	–	6 631	6 976	7 078
Debt impairment	3	30 653	35 755	25 376	7 213	7 213	7 213	–	7 421	7 866	8 378
Depreciation & asset impairment	2	62 117	59 128	62 755	9 599	9 599	9 599	9 599	10 175	10 785	11 369
Finance charges		1 761	3 365	8 175	2 219	2 219	2 219	–	2 038	1 915	1 478
Bulk purchases	2	54 420	59 027	59 938	64 814	64 814	64 814	64 814	74 329	79 532	85 099
Other materials	8	11 590	12 225	8 040	21 104	21 104	21 104	–	10 716	11 181	11 754
Contracted services		9 082	8 358	5 288	12 312	10 312	10 312	10 312	20 227	20 030	20 373
Transfers and subsidies		–	–	–	–	–	–	–	1 913	2 116	2 194
Other expenditure	4, 5	20 173	25 125	32 034	40 770	40 795	40 795	40 795	22 492	20 305	22 068
Loss on disposal of PPE		411	502	1 945							
Total Expenditure		**265 592**	**276 811**	**351 892**	**246 162**	**244 187**	**244 187**	**207 811**	**245 151**	**255 715**	**270 934**
Surplus/(Deficit)		**(66 344)**	**(61 562)**	**(138 906)**	**(11 218)**	**(18 280)**	**(18 280)**	**(35 312)**	**7 283**	**10 213**	**11 509**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		9 155	10 478	33 782	52 190	52 190	52 190	–	29 784	16 429	17 261
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		**(57 190)**	**(51 085)**	**(105 124)**	**40 972**	**33 910**	**33 910**	**(35 312)**	**37 068**	**26 642**	**28 770**
Taxation											
Surplus/(Deficit) after taxation		**(57 190)**	**(51 085)**	**(105 124)**	**40 972**	**33 910**	**33 910**	**(35 312)**	**37 068**	**26 642**	**28 770**
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		**(57 190)**	**(51 085)**	**(105 124)**	**40 972**	**33 910**	**33 910**	**(35 312)**	**37 068**	**26 642**	**28 770**
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		**(57 190)**	**(51 085)**	**(105 124)**	**40 972**	**33 910**	**33 910**	**(35 312)**	**37 068**	**26 642**	**28 770**

References

1. Classifications are revenue sources and expenditure type

2. Detail to be provided in Table SA1

3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment

4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item; e.g. employee costs

5. Repairs & maintenance detailed in Table A9 and Table SA34c

6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA1)

7. Equity method (Includes Joint Ventures)

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Vote											
Multi-year expenditure ***to be appropriated***	2										
Vote 1 - EXECUTIVE AND COUNCIL		–	–	–	–	–	–	–	–	–	–
Vote 2 - FINANCE AND ADMINISTRATION		–	–	–	–	–	–	–	–	–	–
Vote 3 - PLANNING AND DEVELOPMENT		–	–	–	–	–	–	–	–	–	–
Vote 4 - HEALTH		–	–	–	–	–	–	–	–	–	–
Vote 5 - COMMUNITY AND SOCIAL SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 6 - PUBLIC SAFETY		–	–	–	–	–	–	–	–	–	–
Vote 7 - SPORT AND RECREATION		–	–	–	–	–	–	–	–	–	–
Vote 8 - ROAD TRANSPORT		–	–	–	–	–	–	–	–	–	–
Vote 9 - OTHER		–	–	–	–	–	–	–	–	–	–
Vote 10 - HOUSING SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 11 - WASTE MANAGEMENT		–	–	–	–	–	–	–	–	–	–
Vote 12 - WASTE WATER MANAGEMENT		–	–	–	–	–	–	–	–	–	–
Vote 13 - ELECTRICITY		–	–	–	–	–	–	–	–	–	–
Vote 14 - WATER		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Single-year expenditure ***to be appropriated***	2										
Vote 1 - EXECUTIVE AND COUNCIL		161	30	1 205	1 636	1 631	1 631	1 631	1 631	1 729	1 833
Vote 2 - FINANCE AND ADMINISTRATION		481	123	386	1 071	809	809	809	809	858	909
Vote 3 - PLANNING AND DEVELOPMENT		295	7	31	–	–	–	–	–	–	–
Vote 4 - HEALTH		–	–	–	–	–	–	–	–	–	–
Vote 5 - COMMUNITY AND SOCIAL SERVICES		179	409	139	102	69	69	69	69	73	78
Vote 6 - PUBLIC SAFETY		79	531	34	48	30	30	30	30	32	34
Vote 7 - SPORT AND RECREATION		–	2	–	55	34	34	34	34	36	38
Vote 8 - ROAD TRANSPORT		6 673	9 433	14 974	14 462	16 098	16 098	12 786	40 609	15 709	16 518
Vote 9 - OTHER		–	–	–	–	–	–	–	–	–	–
Vote 10 - HOUSING SERVICES		–	5 213	3	–	–	–	–	–	–	–
Vote 11 - WASTE MANAGEMENT		–	2	–	22	9	9	9	9	10	10
Vote 12 - WASTE WATER MANAGEMENT		1 173	164	–	–	–	–	–	–	–	–
Vote 13 - ELECTRICITY		2 589	3 635	6 579	4 420	4 270	4 270	4 270	1 770	4 126	4 353
Vote 14 - WATER		14	1 284	9 825	36 619	34 969	34 969	34 969	3 910	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		**11 646**	**20 832**	**33 178**	**58 436**	**57 920**	**57 920**	**54 608**	**48 873**	**22 573**	**23 774**
Total Capital Expenditure - Vote		**11 646**	**20 832**	**33 178**	**58 436**	**57 920**	**57 920**	**54 608**	**48 873**	**22 573**	**23 774**
Capital Expenditure - Functional											
Governance and administration		**642**	**153**	**1 591**	**2 707**	**2 707**	**2 707**	**–**	**2 441**	**2 587**	**2 742**
Executive and council		161	30	1 205	1 636	1 636	1 636	–	1 631	1 729	1 833
Finance and administration		307	98	386	791	791	791	–	809	858	909
Internal audit		174	25	–	281	281	281	–	–	–	–
Community and public safety		**258**	**6 155**	**177**	**206**	**206**	**206**	**–**	**134**	**142**	**150**
Community and social services		179	409	139	102	102	102	–	69	73	78
Sport and recreation		–	2	–	55	55	55	–	34	36	38
Public safety		79	531	34	48	48	48	–	30	32	34
Housing		–	5 213	3	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**6 968**	**9 440**	**15 006**	**14 462**	**14 462**	**14 462**	**–**	**40 609**	**15 709**	**16 518**
Planning and development		295	7	31	–	–	–	–	–	–	–
Road transport		6 673	9 433	14 974	14 462	14 462	14 462	–	40 609	15 709	16 518
Environmental protection		–	–	–	–	–	–	–			
Trading services		**3 776**	**5 084**	**16 404**	**41 061**	**41 061**	**41 061**	**–**	**5 689**	**4 136**	**4 363**
Energy sources		2 589	3 635	6 579	4 420	4 420	4 420	–	1 770	4 126	4 353
Water management		14	1 284	9 825	36 619	36 619	36 619		3 910	–	–
Waste water management		1 173	164	–	–	–	–		–	–	–
Waste management		–	2	–	22	22	22	–	9	10	10
Other			**–**	**–**	**–**	**–**	**–**		**–**	**–**	**–**
Total Capital Expenditure - Functional	3	**11 646**	**20 832**	**33 178**	**58 436**	**58 436**	**58 436**	**–**	**48 873**	**22 573**	**23 774**
Funded by:											
National Government		10 195	10 478	30 804	52 190	52 190	52 190	–	29 784	16 429	17 261
Provincial Government		–	–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–		–	–	–
Transfers recognised - capital	4	**10 195**	**10 478**	**30 804**	**52 190**	**52 190**	**52 190**	**–**	**29 784**	**16 429**	**17 261**
Borrowing	6	1 156	9 497	–	–	–	–		12 000	–	–
Internally generated funds		295	856	2 374	6 246	6 246	6 246	–	7 088	6 144	6 513
Total Capital Funding	7	**11 646**	**20 832**	**33 178**	**58 436**	**58 436**	**58 436**	**–**	**48 873**	**22 573**	**23 774**

References

1. Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).

2. Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year

3. Capital expenditure by functional classification must reconcile to the appropriations by vote

4. Must reconcile to supporting table SA20 and to Budgeted Financial Performance (revenue and expenditure)

6. Include finance leases and PPP capital funding component of unitary payment - total borrowing/repayments to reconcile to changes in Table SA17

7. Total Capital Funding must balance with Total Capital Expenditure

8. Include any capitalised interest (MFMA section 46) as part of relevant capital budget

NC073 Emthanjeni - Table A6 Budgeted Financial Position

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
ASSETS											
Current assets											
Cash		14 845	10 702	12 826	179	179	179	179	83	83	83
Call investment deposits	1	–	–	–	8 416	10 302	10 302	10 302	8 483	8 843	8 306
Consumer debtors	1	60 532	62 890	71 098	56 306	56 306	56 306	56 306	62 218	70 676	79 584
Other debtors		–	–	–	–	–	–	–	–	–	–
Current portion of long-term receivables		2	5	5	5	5	5	5	5	5	5
Inventory	2	62 922	452	454	465	465	465	465	484	498	506
Total current assets		**138 300**	**74 049**	**84 383**	**65 371**	**67 257**	**67 257**	**67 257**	**71 273**	**80 105**	**88 484**
Non current assets											
Long-term receivables		1	1	2	2	2	2	2	2	2	1 523.28
Investments		–	25	28	29	29	29	29	29	29	29
Investment property		5 018	78 577	76 955	78 970	78 970	78 970	78 970	79 365	80 158	80 559
Investment in Associate		26	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	827 558	788 593	782 998	1 068 290	1 064 462	1 064 462	1 064 462	831 416	853 208	876 154
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		82	61	137	382	382	382	382	394	394	398
Other non-current assets		12	7	7	8	8	8	8	8	8	8
Total non current assets		**832 698**	**867 266**	**860 127**	**1 147 680**	**1 143 852**	**1 143 852**	**1 143 852**	**911 213**	**933 799**	**957 150**
TOTAL ASSETS		**970 999**	**941 314**	**944 510**	**1 213 051**	**1 211 109**	**1 211 109**	**1 211 109**	**982 487**	**1 013 904**	**1 045 634**
LIABILITIES											
Current liabilities											
Bank overdraft	1	7 321	7 255	9 883	7 617	7 617	7 617	7 617	7 770	7 847	7 965
Borrowing	4	1 065	3 433	5 773	3 527	3 527	3 527	3 527	527	448	381
Consumer deposits		2 193	2 269	2 346	2 529	2 529	2 529	2 529	2 557	2 572	2 592
Trade and other payables	4	49 018	55 309	76 969	37 182	40 010	40 010	40 010	50 811	55 492	57 671
Provisions		1 469	1 511	–	1 964	1 964	1 964	1 964	2 003	2 013	2 017
Total current liabilities		**61 066**	**69 777**	**94 970**	**52 820**	**55 647**	**55 647**	**55 647**	**63 668**	**68 373**	**70 627**
Non current liabilities											
Borrowing		619	4 702	36 896	–	–	–	–	11 473	11 025	10 644
Provisions		46 507	44 211	46 937	37 143	37 143	37 143	37 143	40 774	48 546	9 906
Total non current liabilities		**47 126**	**48 913**	**83 832**	**37 143**	**37 143**	**37 143**	**37 143**	**52 247**	**59 571**	**20 550**
TOTAL LIABILITIES		**108 193**	**118 690**	**178 802**	**89 962**	**92 790**	**92 790**	**92 790**	**115 915**	**127 944**	**91 176**
NET ASSETS	5	**862 806**	**822 624**	**765 708**	**1 123 088**	**1 118 319**	**1 118 319**	**1 118 319**	**866 572**	**885 960**	**954 457**
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		862 806	822 624	765 708	1 123 088	1 118 319	1 118 319	1 118 319	866 572	885 960	954 457
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	**862 806**	**822 624**	**765 708**	**1 123 088**	**1 118 319**	**1 118 319**	**1 118 319**	**866 572**	**885 960**	**954 457**

References

1. Detail to be provided in Table SA3

2. Include completed low cost housing to be transferred to beneficiaries within 12 months

3. Include 'Construction-work-in-progress' (disclosed separately in annual financial statements)

4. Detail to be provided in Table SA3. Includes reserves to be funded by statute.

5. Net assets must balance with Total Community Wealth/Equity

NC073 Emthanjeni - Table A7 Budgeted Cash Flows

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		19 106	22 851	15 202	27 584	27 584	27 584	27 584	29 923	28 990	30 729
Service charges		94 706	102 703	99 013	118 106	109 069	109 069	109 069	142 512	147 680	155 773
Other revenue		8 813	9 811	15 411	33 406	33 406	33 406	33 406	8 290	8 744	9 368
Government - operating	1	42 853	34 943	41 316	44 186	44 272	44 272	44 272	49 796	51 413	55 169
Government - capital	1	10 775	14 617	33 782	52 190	53 990	53 990	53 990	29 784	16 429	17 261
Interest		1 760	2 272	1 468	2 055	2 055	2 055	2 055	2 056	2 200	2 354
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(154 090)	(174 312)	(165 807)	(217 131)	(216 301)	(216 301)	(216 301)	(223 603)	(229 079)	(243 703)
Finance charges		(1 761)	(3 365)	(4 002)	(2 219)	(1 429)	(1 429)	(1 429)	(2 038)	(2 242)	(2 466)
Transfers and Grants	1	(247)	–	(516)	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**21 912**	**9 520**	**35 867**	**58 176**	**52 646**	**52 646**	**52 646**	**36 719**	**24 136**	**24 484**
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		91	94	27	200	200	200	200	200	200	200
Decrease (Increase) in non-current debtors		–	–	(0)	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables		–	(0)	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		(11 646)	(20 141)	(32 391)	(58 436)	(54 608)	(54 608)	(54 608)	(48 873)	(22 573)	(23 774)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(11 554)**	**(20 047)**	**(32 364)**	**(58 236)**	**(54 408)**	**(54 408)**	**(54 408)**	**(48 673)**	**(22 373)**	**(23 574)**
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	826	1 108	454	–	–	–
Borrowing long term/refinancing		1 156	9 497	45	3 527	3 527	3 527	3 527	12 000	–	–
Increase (decrease) in consumer deposits		–	–	–	98	98	98	98	28	15	20
Payments											
Repayment of borrowing		(2 684)	(3 046)	(3 388)	(3 527)	(3 527)	(3 527)	(3 527)	(527)	(580)	(638)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**(1 528)**	**6 451**	**(3 344)**	**98**	**924**	**1 206**	**552**	**11 501**	**(565)**	**(618)**
NET INCREASE/ (DECREASE) IN CASH HELD		**8 830**	**(4 076)**	**159**	**37**	**(838)**	**(556)**	**(1 211)**	**(453)**	**1 198**	**292**
Cash/cash equivalents at the year begin:	2	**(1 306)**	**7 524**	**2 784**	**940**	**2 943**	**2 943**	**2 943**	**1 279**	**826**	**2 024**
Cash/cash equivalents at the year end:	2	**7 524**	**3 448**	**2 943**	**977**	**2 105**	**2 387**	**1 733**	**826**	**2 024**	**2 316**

References

1. Local/District municipalities to include transfers from/to District/Local Municipalities

2. Cash equivalents includes investments with maturities of 3 months or less

3. The MTREF is populated directly from SA30.

Total receipts	178 102	187 290	206 219	277 726	270 576	270 576	270 576	262 561	255 657	270 853
Total payments	(167 744)	(197 817)	(202 717)	(277 787)	(272 338)	(272 338)	(272 338)	(274 514)	(253 894)	(269 943)
	10 358	(10 527)	3 503	(60)	(1 762)	(1 762)	(1 762)	(11 954)	1 763	910
Borrowings & investments & c.deposits	1 156	9 497	45	3 625	3 625	3 625	3 625	12 028	15	20
Repayment of borrowing	(2 684)	(3 046)	(3 388)	(3 527)	(3 527)	(3 527)	(3 527)	(527)	(580)	(638)
	8 830	(4 076)	159	37	(1 664)	(1 664)	(1 664)	(453)	1 198	292
	–	(0)	0	–	826	1 108	454	–	–	–

NC073 Emthanjeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash and investments available											
Cash/cash equivalents at the year end	1	7 524	3 448	2 943	977	2 105	2 387	1 733	826	2 024	2 316
Other current investments > 90 days		(0)	(0)	0	(0)	758	476	1 131	(29)	(945)	(1 892)
Non current assets - Investments	1	–	25	28	29	29	29	29	29	29	29
Cash and investments available:		**7 524**	**3 473**	**2 971**	**1 007**	**2 893**	**2 893**	**2 893**	**826**	**1 108**	**454**
Application of cash and investments											
Unspent conditional transfers		4 748	4 974	–	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2		998		283	283	283	283	311	333	353
Other working capital requirements	3	(2 886)	1 104	24 108	(16 014)	(13 031)	(13 031)	(15 501)	(5 249)	(6 230)	(11 635)
Other provisions			1 942		7 785	7 785	7 785	7 785	7 421	7 866	8 378
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		**1 862**	**9 018**	**24 108**	**(7 947)**	**(4 964)**	**(4 964)**	**(7 434)**	**2 483**	**1 969**	**(2 905)**
Surplus(shortfall)		**5 662**	**(5 545)**	**(21 136)**	**8 953**	**7 857**	**7 857**	**10 327**	**(1 657)**	**(861)**	**3 358**

References

1. Must reconcile with Budgeted Cash Flows

2. For example: VAT, taxation

3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)

4. For example: sinking fund requirements for borrowing

5. Council approval required for each reserve created and basis of cash backing of reserves

Other working capital requirements										
Debtors	47 156	49 231	52 861	53 196	53 041	53 041	55 511	56 060	61 722	69 306
Creditors due	44 270	50 335	76 969	37 182	40 010	40 010	40 010	50 811	55 492	57 671
Total	2 886	(1 104)	(24 108)	16 014	13 031	13 031	15 501	5 249	6 230	11 635
Debtors collection assumptions										
Balance outstanding - debtors	60 534	62 891	71 100	56 308	56 308	56 308	56 308	62 220	70 677	79 585
Estimate of debtors collection rate	77.9%	78.3%	74.3%	94.5%	94.2%	94.2%	98.6%	90.1%	87.3%	87.1%
Long term investments committed										
Balance (*Insert description; eg sinking fund)*										
	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments										
Housing Development Fund	–	–	–	–	–	–	–	–	–	–
Capital replacement										
Self-insurance										
Other (list)										
	–	–	–	–	–	–	–	–	–	–

NC073 Emthanjeni - Table A9 Asset Management

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CAPITAL EXPENDITURE										
Total New Assets	1	**10 436**	**9 594**	**34 991**	**52 190**	**53 990**	**53 990**	**31 067**	**16 429**	**17 261**
Roads Infrastructure		6 673	5 831	–	12 001	12 001	12 001	25 657	12 589	13 211
Storm water Infrastructure		–	–	10 292	–	–	–	–	–	–
Electrical Infrastructure		2 589	2 589	7 500	13 500	13 500	13 500	1 500	3 840	4 050
Water Supply Infrastructure		–	–	17 199	26 689	28 489	28 489	3 910	–	–
Sanitation Infrastructure		1 173	1 173	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***10 436***	***9 594***	***34 991***	***52 190***	***53 990***	***53 990***	***31 067***	***16 429***	***17 261***
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Heritage Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Biological or Cultivated Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Computer Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Furniture and Office Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Machinery and Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transport Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Land		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Zoo's, Marine and Non-biological Animals		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Renewal of Existing Assets	2	**1 210**	**11 238**	**6 790**	**6 246**	**6 246**	**6 246**	**17 351**	**5 363**	**5 685**
Roads Infrastructure		–	691	2 800	2 000	2 000	2 000	1 750	1 855	1 966
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	500	–	–	–	–	–	–
Water Supply Infrastructure		–	–	80	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	22	400	400	400	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		**–**	***691***	***3 402***	***2 400***	***2 400***	***2 400***	***1 750***	***1 855***	***1 966***
Community Facilities		–	–	120	256	256	256	10	10	11
Sport and Recreation Facilities		–	–	25	–	–	–	–	–	–
Community Assets		**–**	**–**	***145***	***256***	***256***	***256***	***10***	***10***	***11***
Heritage Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Operational Buildings		65	66	320	410	410	410	163	173	183
Housing		–	–	–	–	–	–	–	–	–
Other Assets		***65***	***66***	***320***	***410***	***410***	***410***	***163***	***173***	***183***
Biological or Cultivated Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		6	16	680	480	480	480	–	–	–
Intangible Assets		***6***	***16***	***680***	***480***	***480***	***480***	**–**	**–**	**–**
Computer Equipment		**513**	**–**	**1 830**	**1 910**	**1 910**	**1 910**	**2 060**	**2 184**	**2 315**
Furniture and Office Equipment		**–**	**252**	**265**	**160**	**160**	**160**	**175**	**185**	**196**
Machinery and Equipment		**612**	**489**	**148**	**630**	**630**	**630**	**1 194**	**956**	**1 013**
Transport Assets		**14**	**9 725**	**–**	**–**	**–**	**–**	**12 000**	**–**	**–**
Land		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Zoo's, Marine and Non-biological Animals		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

Total Upgrading of Existing Assets	6	–	–	–	–	–	–	–	–	–
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	–	–	–	–	–	–
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4	**11 646**	**20 832**	**41 781**	**58 436**	**60 236**	**60 236**	**48 418**	**21 792**	**22 946**
Roads Infrastructure		6 673	6 522	2 800	14 001	14 001	14 001	27 407	14 444	15 177
Storm water Infrastructure		–	–	10 292	–	–	–	–	–	–
Electrical Infrastructure		2 589	2 589	8 000	13 500	13 500	13 500	1 500	3 840	4 050
Water Supply Infrastructure		–	–	17 279	26 689	28 489	28 489	3 910	–	–
Sanitation Infrastructure		1 173	1 173	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	22	400	400	400	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***10 436***	***10 285***	***38 393***	***54 590***	***56 390***	***56 390***	***32 817***	***18 284***	***19 227***
Community Facilities		–	–	120	256	256	256	10	10	11
Sport and Recreation Facilities		–	–	25	–	–	–	–	–	–
Community Assets		–	–	***145***	***256***	***256***	***256***	***10***	***10***	***11***
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		65	66	320	410	410	410	163	173	183
Housing		–	–	–	–	–	–	–	–	–
Other Assets		***65***	***66***	***320***	***410***	***410***	***410***	***163***	***173***	***183***
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		6	16	680	480	480	480	–	–	–
Intangible Assets		***6***	***16***	***680***	***480***	***480***	***480***	–	–	–
Computer Equipment		**513**	–	**1 830**	**1 910**	**1 910**	**1 910**	**2 060**	**2 184**	**2 315**
Furniture and Office Equipment		–	**252**	**265**	**160**	**160**	**160**	**175**	**185**	**196**
Machinery and Equipment		**612**	**489**	**148**	**630**	**630**	**630**	**1 194**	**956**	**1 013**
Transport Assets		**14**	**9 725**	–	–	–	–	**12 000**	–	–
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class		**11 646**	**20 832**	**41 781**	**58 436**	**60 236**	**60 236**	**48 418**	**21 792**	**22 946**

ASSET REGISTER SUMMARY - PPE (WDV)	5	868 249	962 962	1 025 172	1 091 142	1 087 315	1 087 315	1 098 188	1 109 170	1 120 261
Roads Infrastructure		317 376	323 208	329 921	343 922	342 246	342 246	345 668	349 125	352 616
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		55 797	58 386	61 327	75 227	75 077	75 077	75 828	76 586	77 352
Water Supply Infrastructure		112 244	112 244	122 968	149 657	148 007	148 007	149 487	150 982	152 492
Sanitation Infrastructure		143 736	144 910	136 171	136 171	136 171	136 171	137 532	138 908	140 297
Solid Waste Infrastructure		3 861	3 861	4 088	4 088	4 075	4 075	4 116	4 157	4 199
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***633 015***	***642 608***	***654 475***	***709 065***	***705 576***	***705 576***	***712 632***	***719 758***	***726 956***
Community Assets		223 257	223 257	219 049	219 305	219 305	219 305	221 498	223 713	225 950
Heritage Assets		**6 959**	**6 959**	**6 959**	**6 959**	**6 959**	**6 959**	**7 029**	**7 099**	**7 170**
Investment properties		**5 018**	**5 084**	**70 640**	**78 970**	**78 970**	**78 970**	**79 760**	**80 557**	**81 363**
Other Assets								–	–	–
Biological or Cultivated Assets								–	–	–
Intangible Assets			74 588		72 113	72 041	72 041	72 761	73 489	74 223
Computer Equipment			**252**	**70 203**	**425**	**425**	**425**	**429**	**434**	**438**
Furniture and Office Equipment			**489**	**265**	**778**	**511**	**511**	**517**	**522**	**527**
Machinery and Equipment			**9 725**	**148**	**3 527**	**3 527**	**3 527**	**3 562**	**3 598**	**3 634**
Transport Assets				**3 433**		–	–	–	–	–
Land						–	–	–	–	–
Zoo's, Marine and Non-biological Animals								–	–	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	**868 249**	**962 962**	**1 025 172**	**1 091 142**	**1 087 315**	**1 087 315**	**1 098 188**	**1 109 170**	**1 120 261**
EXPENDITURE OTHER ITEMS		**73 707**	**71 353**	**70 795**	**30 703**	**30 703**	**30 703**	**24 174**	**24 113**	**25 416**
Depreciation	7	62 117	59 128	62 755	9 599	9 599	9 599	9 599	10 175	10 785
Repairs and Maintenance by Asset Class	3	**11 590**	**12 225**	**8 040**	**21 104**	**21 104**	**21 104**	**14 575**	**13 938**	**14 630**
Roads Infrastructure		674	1 002	369	401	401	401	266	254	267
Storm water Infrastructure		–	–	336	366	366	366	242	232	243
Electrical Infrastructure		3 511	3 511	1 732	1 885	1 885	1 885	1 249	1 195	1 254
Water Supply Infrastructure		783	783	380	1 502	1 502	1 502	995	952	999
Sanitation Infrastructure		19	19	74	81	81	81	54	51	54
Solid Waste Infrastructure		3 059	3 059	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***8 047***	***8 374***	***2 891***	***4 234***	***4 234***	***4 234***	***2 806***	***2 684***	***2 817***
Community Facilities		188	188	150	2 340	3 226	3 226	2 138	2 045	2 146
Sport and Recreation Facilities		–	–	134	145	145	145	96	92	97
Community Assets		***188***	***188***	***284***	***2 485***	***3 372***	***3 372***	***2 235***	***2 137***	***2 243***
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		759	717	1 100	2 284	2 284	2 284	1 514	1 448	1 520
Housing		–	–	–	–	–	–	–	–	–
Other Assets		***759***	***717***	***1 100***	***2 284***	***2 284***	***2 284***	***1 514***	***1 448***	***1 520***
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		520	254	708	1 858	1 858	1 858	1 232	1 178	1 236
Intangible Assets		***520***	***254***	***708***	***1 858***	***1 858***	***1 858***	***1 232***	***1 178***	***1 236***
Computer Equipment		**70**	**88**	**699**	**761**	**761**	**761**	**504**	**482**	**506**
Furniture and Office Equipment		–	**603**	**999**	**1 087**	**1 087**	**1 087**	**720**	**689**	**723**
Machinery and Equipment		**602**	**548**	**722**	**1 174**	**1 174**	**1 174**	**778**	**744**	**781**
Transport Assets		**1 404**	**1 452**	**637**	**7 221**	**6 334**	**6 334**	**4 786**	**4 577**	**4 804**
Land		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL EXPENDITURE OTHER ITEMS		**73 707**	**71 353**	**70 795**	**30 703**	**30 703**	**30 703**	**24 174**	**24 113**	**25 416**
Renewal and upgrading of Existing Assets as % of total capex		*10.4%*	*53.9%*	*16.3%*	*10.7%*	*10.4%*	*10.4%*	*35.8%*	*24.6%*	*24.8%*
Renewal and upgrading of Existing Assets as % of deprecn		*1.9%*	*19.0%*	*10.8%*	*65.1%*	*65.1%*	*65.1%*	*180.8%*	*52.7%*	*52.7%*
R&M as a % of PPE		*1.4%*	*1.6%*	*1.0%*	*2.0%*	*2.0%*	*2.0%*	*1.8%*	*1.6%*	*1.7%*
Renewal and upgrading and R&M as a % of PPE		*1.0%*	*2.0%*	*1.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*2.0%*	*2.0%*

References

1. Detail of new assets provided in Table SA34a

2. Detail of renewal of existing assets provided in Table SA34b

3. Detail of Repairs and Maintenance by Asset Class provided in Table SA34c

4. Must reconcile to total capital expenditure on Budgeted Capital Expenditure

5. Must reconcile to 'Budgeted Financial Position' (written down value)

6. Detail of upgrading of existing assets provided in Table SA34e

7. Detail of depreciation provided in Table SA34d

NC073 Emthanjeni - Table A10 Basic service delivery measurement

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Household service targets	1									
Water:										
Piped water inside dwelling		9 175	11 114	11 480	11 480	11 480	11 594	11 640	11 740	11 740
Piped water inside yard (but not in dwelling)		473	695	736	736	736	743	763	763	763
Using public tap (at least min.service level)	2	495	465	452	452	452	444	430	430	430
Other water supply (at least min.service level)	4	473	341	333	333	333	320	310	310	310
Minimum Service Level and Above sub-total		10 614	12 615	13 001	13 001	13 001	13 101	13 143	13 243	13 243
Using public tap (< min.service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	–	–	–	–	–	–	–	–
No water supply		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**10 614**	**12 615**	**13 001**	**13 001**	**13 001**	**13 101**	**13 143**	**13 243**	**13 243**
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		7 652	8 847	9 377	9 377	9 377	9 507	10 038	10 138	10 138
Flush toilet (with septic tank)		1 709	2 252	2 365	2 365	2 365	2 425	2 480	2 480	2 480
Chemical toilet		727	705	663	663	663	636	625	625	625
Pit toilet (ventilated)		473	458	431	431	431	406	–	–	–
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		10 561	12 262	12 836	12 836	12 836	12 974	13 143	13 243	13 243
Bucket toilet		539	353	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)		9 175	–	–	–	–	–	–	–	–
No toilet provisions		9 175	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		18 888	353	–	–	–	–	–	–	–
Total number of households	5	**29 449**	**12 615**	**12 836**	**12 836**	**12 836**	**12 974**	**13 143**	**13 243**	**13 243**
Energy:										
Electricity (at least min.service level)		3 957	3 838	3 990	4 290	4 290	4 290	4 290	4 290	–
Electricity - prepaid (min.service level)		5 715	8 115	8 206	8 350	8 350	8 350	8 500	8 500	–
Minimum Service Level and Above sub-total		9 671	11 953	12 196	12 640	12 640	12 640	12 790	12 790	–
Electricity (< min.service level)		484	469	435	400	400	400	400	400	–
Electricity - prepaid (< min. service level)		473	193	189	162	162	162	62	62	–
Other energy sources		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		956	662	624	562	562	562	462	462	–
Total number of households	5	**10 627**	**12 615**	**12 820**	**13 202**	**13 202**	**13 202**	**13 252**	**13 252**	**–**
Refuse:										
Removed at least once a week		10 627	12 615	13 624	13 624	13 624	13 624	13 684	13 684	13 684
Minimum Service Level and Above sub-total		10 627	12 615	13 624	13 624	13 624	13 624	13 684	13 684	13 684
Removed less frequently than once a week		–	–	–	–	–	–	–	–	–
Using communal refuse dump		–	–	–	–	–	–	–	–	–
Using own refuse dump		–	–	–	–	–	–	–	–	–
Other rubbish disposal		–	–	–	–	–	–	–	–	–
No rubbish disposal		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**10 627**	**12 615**	**13 624**	**13 624**	**13 624**	**13 624**	**13 684**	**13 684**	**13 684**
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		3 750	3 750	3 750	3 800	3 800	3 800	4 000	4 000	4 000
Sanitation (free minimum level service)		3 750	3 750	3 750	3 800	3 800	3 800	4 000	4 000	4 000
Electricity/other energy (50kwh per household per month)		3 750	3 750	3 750	3 800	3 800	3 800	4 000	4 000	4 000
Refuse (removed at least once a week)		3 750	3 750	3 750	3 800	3 800	3 800	4 000	4 000	4 000
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per **indigent** household per month)		–	–	–	–	–	–	–	–	–
Sanitation (free sanitation service to **indigent households**)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per **indigent** household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed once a week **for indigent households**)		–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		–	–	–	–	–	–	–	–	–
Total cost of FBS provided		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates **(tariff adjustment)** (**impermissable values per section 17 of MPRA**)										
Property rates exemptions, reductions and rebates **and impermissable values in excess of section 17 of MPRA)**		–	–	–	–	–	–	3 006	3 186	3 377
Water **(in excess of 6 kilolitres per indigent household per month)**		–	–	–	6 228	6 228	6 228	1 812	1 912	2 027
Sanitation **(in excess of free sanitation service to indigent households)**		–	–	–	9 332	9 332	9 332	1 824	1 925	2 040
Electricity/other energy **(in excess of 50 kwh per indigent household per month)**		–	–	–	2 401	2 401	2 401	1 508	1 598	1 694
Refuse **(in excess of one removal a week for indigent households)**		–	–	–	5 820	5 820	5 820	1 654	1 745	1 849
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									
Other										
Total revenue cost of subsidised services provided		**–**	**–**	**–**	**23 782**	**23 782**	**23 782**	**9 804**	**10 366**	**10 988**

References

1. Include services provided by another entity; e.g. Eskom

2. Stand distance <= 200m from dwelling

3. Stand distance > 200m from dwelling

4. Borehole, spring, rain-water tank etc.

5. Must agree to total number of households in municipal area (informal settlements receiving services must be included)

6. Include value of subsidy provided by municipality above provincial subsidy level

7. Show number of households receiving at least these levels of services completely free (informal settlements must be included)

8. Must reflect the cost to the municipality of providing the Free Basic Service

9. Reflect the cost to the municipality in terms of 'revenue foregone' of providing free services (note this will not equal 'Revenue Foregone' on SA1)

NC073 Emthanjeni - Supporting Table SA1 Supportinging detail to 'Budgeted Financial Performance'

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		26 117	30 752	31 790	29 289	29 289	29 289	29 289	35 181	37 292	39 530
less Revenue Foregone ***(exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)***									3 006	3 186	3 377
Net Property Rates		**26 117**	**30 752**	**31 790**	**29 289**	**29 289**	**29 289**	**29 289**	**32 175**	**34 106**	**36 152**
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		67 805	76 314	72 882	60 776	58 543	58 543	58 543	91 095	96 461	102 356
less Revenue Foregone ***(in excess of 50 kwh per indigent household per month)***					2 401	2 401	2 401	2 401	1 508	1 598	1 694
less Cost of Free Basis Services (50 kwh per indigent household per month)		–	–	–	–	–	–		–	–	–
Net Service charges - electricity revenue		**67 805**	**76 314**	**72 882**	**58 374**	**56 141**	**56 141**	**56 141**	**89 587**	**94 863**	**100 661**
Service charges - water revenue	6										
Total Service charges - water revenue		**22 236**	**24 128**	**29 572**	**38 593**	**36 291**	**36 291**	**36 291**	**37 754**	**39 878**	**42 122**
less Revenue Foregone ***(in excess of 6 kilolitres per indigent household per month)***					**6 228**	**6 228**	**6 228**	**6 228**	1 812	1 912	2 027
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		–	–	–	–	–	–		–	–	–
Net Service charges - water revenue		**22 236**	**24 128**	**29 572**	**32 365**	**30 063**	**30 063**	**30 063**	**35 941**	**37 966**	**40 095**
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		**10 937**	**11 622**	**17 344**	**30 112**	**27 666**	**27 666**	**27 666**	**22 256**	**23 479**	**24 770**
less Revenue Foregone ***(in excess of free sanitation service to indigent households)***					**9 332**	**9 332**	**9 332**	**9 332**	**1 824**	**1 925**	**2 040**
less Cost of Free Basis Services (free sanitation service to indigent households)		–	–	–	–	–	–		–	–	–
Net Service charges - sanitation revenue		**10 937**	**11 622**	**17 344**	**20 780**	**18 334**	**18 334**	**18 334**	**20 431**	**21 554**	**22 730**
Service charges - refuse revenue	6										
Total refuse removal revenue		5 913	6 225	6 273	18 392	16 337	16 337	16 337	13 369	14 104	14 878
Total landfill revenue						–	–	–	–	–	–
less Revenue Foregone ***(in excess of one removal a week to indigent households)***					5 820	5 820	5 820	5 820	1 654	1 745	1 849
less Cost of Free Basis Services (removed once a week to indigent households)		–	–	–	–	–	–		–	–	–
Net Service charges - refuse revenue		**5 913**	**6 225**	**6 273**	**12 572**	**10 517**	**10 517**	**10 517**	**11 716**	**12 359**	**13 029**
Other Revenue by source											
Prepaid Electricity Sales		2 742	3 316	2 917	23 717	23 717	23 717	23 717	–	–	–
Cemetery Fees		396	440	412	559	559	559	559	599	640	685
Sundry Income					217	217	217	217	233	249	266
Admission Fees					135	135	135	135	144	154	165
Connection fees					66	66	66	66	–	–	–
Special meter readings					54	54	54	54	–	–	–
Parking meters fees					–	–	–	–	–	–	–
Valuation certificates					20	20	20	20	21	23	24
Tender Documents					64	64	64	64	69	74	79
Rezoning Appilication					73	73	73	73	78	83	89
Other					3 075	3 075	3 075	3 075	225	227	229
Other Service Charges	3				175	175	175	175			
Total 'Other' Revenue	1	**3 138**	**3 757**	**3 329**	**28 154**	**28 154**	**28 154**	**28 154**	**1 369**	**1 450**	**1 538**
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2			63 815	62 460	62 460	62 460	62 460	67 310	71 686	76 344
Pension and UIF Contributions		70 984	68 489	12 477	11 053	11 053	11 053	11 053	11 768	12 533	13 348
Medical Aid Contributions				66 715	2 014	2 014	2 014	2 014	2 150	2 292	2 435
Overtime					1 651	1 651	1 651	1 651	1 597	1 700	1 811
Performance Bonus					–	–	–	–	596	637	682
Motor Vehicle Allowance					1 882	1 882	1 882	1 882	2 118	2 256	2 403
Cellphone Allowance					469	469	469	469	537	572	610
Housing Allowances					749	749	749	749	800	852	907
Other benefits and allowances					1 265	1 265	1 265	1 265	994	1 059	1 127
Payments in lieu of leave					747	747	747	747	96	102	109
Long service awards					–	–	–	–	–	–	–
Post-retirement benefit obligations	4				–	–	–	–	1 241	1 319	1 368
sub-total	5	**70 984**	**68 489**	**143 006**	**82 291**	**82 291**	**82 291**	**82 291**	**89 208**	**95 009**	**101 143**
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	**70 984**	**68 489**	**143 006**	**82 291**	**82 291**	**82 291**	**82 291**	**89 208**	**95 009**	**101 143**
Contributions recognised - capital											
List contributions by contract											
Total Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–

Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		62 117	59 128	62 755	9 599	9 599	9 599	9 599	10 175	10 785	11 369
Lease amortisation					–	–	–	–	–	–	–
Capital asset impairment					–	–	–	–	–	–	–
Depreciation resulting from revaluation of PPE	10				–	–	–	–	–	–	–
Total Depreciation & asset impairment	1	**62 117**	**59 128**	**62 755**	**9 599**	**9 599**	**9 599**	**9 599**	**10 175**	**10 785**	**11 369**
Bulk purchases											
Electricity Bulk Purchases		54 420	59 027	59 938	62 225	62 225	62 225	62 225	71 559	76 568	81 928
Water Bulk Purchases					2 589	2 589	2 589	2 589	2 771	2 964	3 172
Total bulk purchases	1	**54 420**	**59 027**	**59 938**	**64 814**	**64 814**	**64 814**	**64 814**	**74 329**	**79 532**	**85 099**
Transfers and grants											
Cash transfers and grants		–	–	–	–	–	–	–	1 220	1 293	1 371
Non-cash transfers and grants		–	–	–	–	–	–	–	693	823	823
Total transfers and grants	1	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1 913**	**2 116**	**2 194**
Contracted services											
Proffessional Consultancy Fees		3 611	3 081	5 288	2 394	2 394	2 394	2 394	2 394	2 537	2 689
Prepaid Electricity Commission		–	3 118		2 754	2 754	2 754	2 754	2 919	3 094	3 280
Security Services		2 112	2 159		4 846	2 846	2 846	2 846	3 500	3 500	3 500
Traffic Violation Systems		3 359			2 319	2 319	2 319	2 319	2 412	2 556	2 710
Employee Wellness									1 500	500	–
Contratced Services Outsourced Services									7 503	7 842	8 195
sub-total	1	**9 082**	**8 358**	**5 288**	**12 312**	**10 312**	**10 312**	**10 312**	**20 227**	**20 030**	**20 373**
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		**9 082**	**8 358**	**5 288**	**12 312**	**10 312**	**10 312**	**10 312**	**20 227**	**20 030**	**20 373**
Other Expenditure By Type											
Collection costs					788	–	–	–	–	–	–
Contributions to 'other' provisions		20 173	25 125	3	572	572	572	572	–	–	–
Consultant fees				4 592	–	–	–	–	–	–	–
Audit fees				27 439	2 772	2 772	2 772	2 772	3 400	3 604	3 820
General expenses	3				15 201	14 581	14 581	14 581	10 276	7 355	8 342
Departmental Service Accounts					4 059	4 059	4 059	4 059	–	–	–
External Licences and Subscriptions					372	372	372	372	394	418	443
Fuel and Oil					3 067	3 067	3 067	3 067	–	–	–
General Valuation Roll expenses					407	407	407	407	–	–	–
Insurance					1 576	1 576	1 576	1 576	1 670	1 770	1 877
SALGA Membership Fees					750	750	750	750	803	851	902
Telephone expenses					967	1 387	1 387	1 387	1 471	1 559	1 652
Printing and Stationery					865	865	865	865	917	972	1 030
Protective Clothing					584	599	599	599	599	635	673
Publicity Costs					340	340	340	340	360	382	405
Tourism Strategy					35	–	–	–	–	–	–
Subsistence and Travel					1 358	1 418	1 418	1 418	1 503	1 593	1 689
Skills Development Training					427	427	427	427	453	480	509
Electricity Costs for Rural Water pumps					2 405	2 405	2 405	2 405	–	–	–
Employee Wellness expenses					1 280	2 000	2 000	2 000	–	–	–
Emthanjeni study assistance fund					116	116	116	116	–	–	–
Statutory contributions workman's compensation					750	750	750	750	300	318	337
Legal costs					335	1 035	1 035	1 035	–	–	–
Brand Execution					44	44	44	44	44	46	49
Cleaning materials					702	307	307	307	304	322	342
Moral Regeneration					146	96	96	96	–	–	–
SPLUMA Expenses					850	850	850	850	–	–	–
Total 'Other' Expenditure	1	**20 173**	**25 125**	**32 034**	**40 770**	**40 795**	**40 795**	**40 795**	**22 492**	**20 305**	**22 068**

by Expenditure Item	8										
Employee related costs					–	–	–	–	–	–	–
Other materials		11 590	12 225	8 040	9 908	9 908	9 908	9 908	8 032	8 418	8 827
Contracted Services					11 196	11 196	11 196	11 196	6 543	5 520	5 803
Other Expenditure					–	–	–	–			
Total Repairs and Maintenance Expenditure	9	11 590	12 225	8 040	21 104	21 104	21 104	21 104	14 575	13 938	14 630
	check	–	–	–	–	–	–		–	–	–

References

1. Must reconcile with 'Budgeted Financial Performance (Revenue and Expenditure)

2. Must reconcile to supporting documentation on staff salaries

3. Insert other categories where revenue or expenditure is of a material nature (list separate items until 'General expenses' is not > 10% of Total Expenditure)

4. Expenditure to meet any 'unfunded obligations'

5 This sub-total must agree with the total on SA22, but excluding councillor and board member items

6. Include a note for each revenue item that is affected by 'revenue foregone'

7. Special consideration may have to be given to including 'goodwill arising' or 'joint venture' budgets where circumstances require this (include separately under relevant notes)

8. Repairs and Maintenance is not a GRAP item. However to facilitate transparency, municipalities must provide a breakdown of the amounts included in the relevant GRAP items that will be spent on Repairs and Maintenance.

9. Must reconcile with Repairs and Maintenance by Asset Class (Total Repairs and Maintenance) on Table SA34c.

10. Only applicable to municipalities that have adopted the 'revaluation method' in GRAP 17. The aim is to prevent overstating 'depreciation and asset impairment'

NC073 Emthanjeni - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description R thousand	Ref 1	Vote 1 - EXECUTIVE AND COUNCIL	Vote 2 - FINANCE AND ADMINISTRATION	Vote 3 - PLANNING AND DEVELOPMENT	Vote 4 - HEALTH	Vote 5 - COMMUNITY AND SOCIAL SERVICES	Vote 6 - PUBLIC SAFETY	Vote 7 - SPORT AND RECREATION	Vote 8 - ROAD TRANSPORT	Vote 9 - OTHER	Vote 10 - HOUSING SERVICES	Vote 11 - WASTE MANAGEMENT	Vote 12 - WASTE WATER MANAGEMENT	Vote 13 - ELECTRICITY	Vote 14 - WATER	Vote 15 - [NAME OF VOTE 15]	Total
Revenue By Source																	
Property rates																	–
Service charges - electricity revenue																	–
Service charges - water revenue																	–
Service charges - sanitation revenue																	–
Service charges - refuse revenue																	–
Rental of facilities and equipment																	–
Interest earned - external investments																	–
Interest earned - outstanding debtors																	–
Dividends received																	–
Fines, penalties and forfeits																	–
Licences and permits																	–
Agency services																	–
Other revenue																	–
Transfers and subsidies																	–
Gains on disposal of PPE																	–
Total Revenue (excluding capital transfers and contributio		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Expenditure By Type																	
Employee related costs																	–
Remuneration of councillors																	–
Debt impairment																	–
Depreciation & asset impairment																	–
Finance charges																	–
Bulk purchases																	–
Other materials																	–
Contracted services																	–
Transfers and subsidies																	–
Other expenditure																	–
Loss on disposal of PPE																	–
Total Expenditure		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)																	–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)																	–
Transfers and subsidies - capital (in-kind - all)																	–
Surplus/(Deficit) after capital transfers & contributions		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

References

1. Departmental columns to be based on municipal organisation structure

NC073 Emthanjeni - Supporting Table SA3 Supportinging detail to 'Budgeted Financial Position'

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
ASSETS											
Call investment deposits											
Call deposits					8 416	10 302	10 302	10 302	8 483	8 843	8 306
Other current investments					–	–	–	–			
Total Call investment deposits	2	–	–	–	**8 416**	**10 302**	**10 302**	**10 302**	**8 483**	**8 843**	**8 306**
Consumer debtors											
Consumer debtors		60 532	62 890	71 098	63 519	63 519	63 519	63 519	69 639	78 542	87 961
Less: Provision for debt impairment					(7 213)	(7 213)	(7 213)	(7 213)	(7 421)	(7 866)	(8 378)
Total Consumer debtors	2	**60 532**	**62 890**	**71 098**	**56 306**	**56 306**	**56 306**	**56 306**	**62 218**	**70 676**	**79 584**
Debt impairment provision											
Balance at the beginning of the year					–	–	–	–			
Contributions to the provision					7 213	7 213	7 213	7 213	7 421	7 866	8 378
Bad debts written off					–	–	–	–			
Balance at end of year		–	–	–	**7 213**	**7 213**	**7 213**	**7 213**	**7 421**	**7 866**	**8 378**
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		889 675	788 593	782 998	1 139 240	1 135 412	1 135 412	1 135 412	831 416	853 208	876 154
Leases recognised as PPE	3	–	–		3 527	3 527	3 527	3 527			
Less: Accumulated depreciation		62 117			74 478	74 478	74 478	74 478			
Total Property, plant and equipment (PPE)	2	**827 558**	**788 593**	**782 998**	**1 068 290**	**1 064 462**	**1 064 462**	**1 064 462**	**831 416**	**853 208**	**876 154**
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		–	–		–	–	–	–	–	–	–
Current portion of long-term liabilities		1 065	3 433	5 773	3 527	3 527	3 527	3 527	527	448	381
Total Current liabilities - Borrowing		**1 065**	**3 433**	**5 773**	**3 527**	**3 527**	**3 527**	**3 527**	**527**	**448**	**381**
Trade and other payables											
Trade Payables	5	39 274	46 477	73 405	37 182	40 010	40 010	40 010	50 811	55 492	57 671
Other creditors		4 996	3 858	3 564	–	–	–	–	–	–	–
Unspent conditional transfers		4 748	4 974		–	–	–	–	–	–	–
VAT					–	–	–	–	–	–	–
Total Trade and other payables	2	**49 018**	**55 309**	**76 969**	**37 182**	**40 010**	**40 010**	**40 010**	**50 811**	**55 492**	**57 671**
Non current liabilities - Borrowing											
Borrowing	4	619	4 702	36 896					11 473	11 025	10 644
Finance leases (including PPP asset element)				–							
Total Non current liabilities - Borrowing		**619**	**4 702**	**36 896**	**–**	**–**	**–**	**–**	**11 473**	**11 025**	**10 644**
Provisions - non-current											
Retirement benefits		46 507	36 198	46 937	33 591	33 591	33 591	33 591	36 950	44 340	5 321
List other major provision items											
Refuse landfill site rehabilitation			–		76	76	76	76	–	–	–
Other			8 013		3 476	3 476	3 476	3 476	3 824	4 206	4 585
Total Provisions - non-current		**46 507**	**44 211**	**46 937**	**37 143**	**37 143**	**37 143**	**37 143**	**40 774**	**48 546**	**9 906**
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		920 243	805 938	765 708	1 059 004	1 059 004	1 059 004	1 059 004	1 118 319	866 572	885 960
GRAP adjustments											
Restated balance		920 243	805 938	765 708	1 059 004	1 059 004	1 059 004	1 059 004	1 118 319	866 572	885 960
Surplus/(Deficit)		(57 190)	(51 085)	(105 124)	40 972	33 910	33 910	(35 312)	37 068	26 642	28 770
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments		(247)	67 771	105 124	23 113	25 405	25 405	94 627	(288 815)	(7 253)	39 727
Accumulated Surplus/(Deficit)	1	**862 806**	**822 624**	**765 708**	**1 123 088**	**1 118 319**	**1 118 319**	**1 118 319**	**866 572**	**885 960**	**954 457**
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	**862 806**	**822 624**	**765 708**	**1 123 088**	**1 118 319**	**1 118 319**	**1 118 319**	**866 572**	**885 960**	**954 457**

Total capital expenditure includes expenditure on nationally significant priorities:

Provision of basic services											

NC073 Emthanjeni - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Promote representative governance through the sustainable utilisation of available resources in consultation with the residents of Emthanjeni municipality	To continuously review the accountable and transparent governance processes as per the Risk Based Audit Plan (RBAP)			458	377	332	345	337	337	327	326	345
Promote representative governance through the sustainable utilisation of available resources in consultation with the residents of Emthanjeni municipality	To be an executive council by leading and consulting our community and do on-going oversight of our service delivery and performance			8 072	6 646	6 338	6 890	6 719	6 719	6 519	6 492	6 890
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the municipal area			3 625	2 985	3 340	5 303	5 171	5 171	5 017	4 996	5 303
Provision of access to all basic services rendered to residents within available resources	To provide all communities quality water, sanitation and refuse manage demand and maintain existing infrastructure			57 573	83 410	67 159	83 743	81 658	81 658	88 423	89 165	94 707
Provision of access to all basic services rendered to residents within available resources	To upgrade and maintain road infrastructure			12 890	10 614	34 147	50 619	49 359	49 359	47 888	47 691	50 620
Provision of access to all basic services rendered to residents within available resources	To provide a quality electricity supply, manage demand and maintain existing infrastructure			62 729	68 119	74 126	76 833	74 920	74 920	72 688	72 390	76 834
Maintaining a financially sustainable and viable municipality	To render a strategic financial management services to Emthanjeni Municipality			13 914	11 457	11 314	12 505	12 194	12 194	11 831	11 782	12 506
Maintaining a financially sustainable and viable municipality	To strengthen and implement financial and asset management within Emthanjeni Municipality			7 419	6 109	6 836	14 480	14 120	14 120	13 699	13 643	14 480
Maintaining a financially sustainable and viable municipality	To implement the Municipal Property Rates Act by imposing rates on all taxable properties within Emthanjeni Municipality			26 089	21 482	26 540	9 038	8 813	8 813	8 550	8 515	9 038
Maintaining a financially sustainable and viable municipality	To implement the Supply Chain Management policy that is fair equitable, transparent, competitive and cost effective			1 018	838	938	5 100	4 973	4 973	4 825	4 805	5 100
Maintaining a financially sustainable and viable municipality	To implement financial reforms as required per MFMA			2	1	26	1 321	1 288	1 288	1 249	1 244	1 321
Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives	To maintain a capacitated municipality, achieve Employment Equity targets, develop human resources and comply to required legislation			4 593	3 782	3 532	3 721	3 628	3 628	3 520	3 505	3 721
Municipal Transformation and Institutional Development	To upgrade and maintain municipal buildings and offices			81	67	75	91	89	89	86	86	91
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the municipal area			–	–	–	1 444	1 408	1 408	1 366	1 361	1 444
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To facilitate empowerment of women, youth development, poverty alleviation and create opportunities			–		–	523	510	510	495	493	523
Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor	To improve and facilitate rural development in the municipal area			3 090	2 544	2 893	3 283	3 202	3 202	3 106	3 093	3 283
Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties	To provide traffic services in terms of the legislation, awareness and training to the community, law enforcement, road safety participation and fire protection services within the municipal area			6 849	7 295	9 170	11 892	9 709	9 709	12 630	12 770	13 497
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	**208 403**	**225 727**	**246 768**	**287 134**	**278 097**	**278 097**	**282 218**	**282 358**	**299 704**

References

1. Total revenue must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)

2. Balance of allocations not directly linked to an IDP strategic objective

check op revenue balance	0	–	–	0	–	–	–	–	–	–	–

NC073 Emthanjeni - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Promote representative governance through the sustainable utilisation of available resources in consultation with the	To continuously review the accountable and transparent governance processes as per the			4 274	5 016	8 765	355	353	353	363	380	402
Promote representative governance through the sustainable utilisation of available resources in consultation with the	To be an executive council by leading and consulting our community and do on-going oversight of our service delivery			8 419	9 013	7 583	6 781	6 750	6 750	6 925	7 249	7 676
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the			6 348	6 695	3 997	3 574	3 557	3 557	3 650	3 821	4 046
Provision of access to all basic services rendered to residents within available resources	To provide all communities quality water, sanitation and refuse manage demand and maintain existing infrastructure			96 845	98 992	93 254	83 387	83 004	83 004	85 153	89 147	94 398
Provision of access to all basic services rendered to residents within available resources	To upgrade and maintain road infrastructure			18 915	19 104	40 857	36 534	36 366	36 366	34 349	33 815	36 240
Provision of access to all basic services rendered to residents within available resources	To provide a quality electricity supply, manage demand and maintain existing infrastructure			71 000	72 080	88 692	79 308	78 943	78 943	80 988	84 786	89 780
Maintaining a financially sustainable and viable municipality	To render a strategic financial management services to Emthanjeni Municipality			2 399	2 591	13 537	12 105	12 049	12 049	12 361	12 941	13 703
Maintaining a financially sustainable and viable municipality	To strengthen and implement financial and asset management within Emthanjeni Municipality			8 857	8 565	8 180	7 314	7 280	7 280	7 469	7 819	8 280
Maintaining a financially sustainable and viable municipality	To implement the Municipal Property Rates Act by imposing rates on all taxable properties within Emthanjeni Municipality			3 999	4 319	408	365	363	363	373	390	413
Maintaining a financially sustainable and viable municipality	To implement the Supply Chain Management policy that is fair equitable, transparent, competitive and cost effective			1 428	1 542	1 122	1 004	999	999	1 025	1 073	1 136
Maintaining a financially sustainable and viable municipality	To implement financial reforms as required per MFMA			1 819	1 964	31	28	28	28	29	30	32
Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives	To maintain a capacitated municipality, achieve Employment Equity targets, develop human resources and comply to required			8 150	7 602	4 226	3 779	3 762	3 762	3 859	4 040	4 278
Municipal Transformation and Institutional Development	To upgrade and maintain municipal buildings and offices			3 499	5 079	89	80	80	80	82	85	90
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To promote LED, SMME's and tourism, support emerging farmers and reduce unemployment and poverty in the			7 271	9 053	–	–	–	–	–	–	–
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To facilitate empowerment of women, youth development, poverty alleviation and create opportunities			7 162	8 335	–	–	–	–	–	–	–
Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor	To improve and facilitate rural development in the municipal area			5 905	7 377	3 462	3 096	3 081	3 081	3 161	3 309	3 504
Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or	To provide traffic services in terms of the legislation, awareness and training to the community, law enforcement, road safety			9 304	9 483	10 972	8 452	7 571	7 571	5 366	6 830	6 956
Allocations to other priorities												
Total Expenditure			1	**265 592**	**276 811**	**285 177**	**246 162**	**244 187**	**244 187**	**245 151**	**255 715**	**270 934**

References

1. Total expenditure must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)

2. Balance of allocations not directly linked to an IDP strategic objective

check op expenditure balance				–	–	*(66 715)*	–	–	–	–	–	–

NC073 Emthanjeni - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Provision of access to all basic services rendered to residents within available resources	To provide all communities quality water manage demand and maintain existing infrastructure	A		180	5 400	5 601	13 992	15 561	15 561	7 622	5 031	5 969
Provision of access to all basic services rendered to residents within available resources	To upgrade and maintain road infrastructure	B		6 249	4 022	7 537	12 705	11 583	11 583	8 506	4 583	4 652
Provision of access to all basic services rendered to residents within available resources	To provide all communities quality sanitation manage demand and maintain existing infrastructure	C		1 791	1 090	6 450	10 873	9 634	9 634	7 569	4 634	4 703
Maintaining a financially sustainable and viable municipality	To render a strategic financial management services to Emthanjeni Municipality	D		166	620	–	–	–	–	–	–	–
Maintaining a financially sustainable and viable municipality	To strengthen and implement financial and asset management within Emthanjeni Municipality	E		849	2 165	2 311	3 895	2 018	2 018	2 005	533	541
Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or	To provide traffic services in terms of the legislation, awareness and training to the community, law enforcement, road safety	F		583	322	332	560	290	290	288	290	294
Municipal Transformation and Institutional Development	To upgrade and maintain municipal buildings and offices	G		162	331	830	1 399	725	725	720	725	736
Provision of access to all basic services rendered to residents within available resources	To provide all communities sustainable electricity and to manage electricty increased demand within the current	H		1 100	6 400	10 117	15 010	18 108	18 108	10 163	6 777	6 879
Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	To facilitate empowerment of women, youth development, poverty alleviation and create opportunities	I		559	387	–	–	–	–		–	
Promote representative governance through the sustainable utilisation of available resources in consultation with the	To continuously review the accountable and transparent governance processes as per the	J		8	94	–	–					
		K										
		L										
		M										
		N										
		O										
		P										
Allocations to other priorities			3							12 000	–	
Total Capital Expenditure			1	**11 646**	**20 832**	**33 178**	**58 436**	**57 920**	**57 920**	**48 873**	**22 573**	**23 774**

References

1. Total capital expenditure must reconcile to Budgeted Capital Expenditure

2. Goal code must be used on Table SA36

3. Balance of allocations not directly linked to an IDP strategic objective

check capital balance – – – – – – – – –

NC073 Emthanjeni - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue Framework	
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21
Vote 1 - Executive and Council									
Function 1 - Governance									
Sub-function 1 - Office of the Municipal									
our community and do on-going oversight of our	No of performance reports	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
To continuously review the accountable and	% completed	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Sub-function 2 - Council									
committee for approval by end June	RBAP submitted to the audit	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Submit quarterly performance reports ito of the	**No of performance reports**	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Sub-function 3 - Internal audit Section									
to the council	No of performance reports	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Implement public education campaigns on	No of education campaigns	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Function 2 - Local Economic Development									
Sub-function 1 - Economic Development									
municipal area	No meetings	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Awareness programmes through exhibitions	Number of campaigns	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Sub-function 2 - Office of the Mayor									
Compile a rural development strategy	Strategy approved	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Establish commonage committee	Committee established	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Sub-function 3 - Public Safety									
the Department of Community Safety and the District	Number of plans	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Inspect and assess infrastructure and role players	Number of reports	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Vote 2 - Finance and Admin									
Function 1 - Directorate Chief Financial Officer									
Sub-function 1 - Directorate CFO									
August to the Auditor-General	Statements submitted	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Monthly financial reporting to council	No of reports	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Sub-function 2 - Financial Services									
Compilation of a Revenue Enhancement Strategy	% Completion	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Achievement of a payment percentage of above	Payment %	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Sub-function 3 - Assessment Rates									
end of May	Valuation Roll completed	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Prepare and submit the adjustments budget by the	**Approved main &**	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Function 2 - Public Participation									
Sub-function 1 - DCCDS									
indigent application process	Workshop held	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Compile contingency plans for all municipal	Number of plans	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Sub-function 2 - Public Safety									
revenue collection	Number of staff appointed	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Road safety awareness campaigns held in all	Number of campaigns	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Sub-function 3 - Community Services									
Participate in annual National Arrive Alive Programme	Number of joint operations	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Speed law enforcement (direct prosecution)	# of enforcement sessions	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Vote 3 - Basic Service Delivery									
Function 1 - Infrastructure Services									
Sub-function 1 - Directorate Infrastructure									
applications within 30 days for buildings less than	% building plans evaluated	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Implement the De Aar and Hanover housing	Number of sites serviced	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Sub-function 2 - Water									
DWA	% of approved project	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Spent the approved maintenance budget for water	% of approved maintenance	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Sub-function 3 - Water and Waste Water									
Planning of new boreholes for De Aar	DWA approval and	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Water quality as per blue drop	% water quality level	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Function 2 - Waste Water Management									
Sub-function 1 - Waste Water Management									
sewerage infrastructure to upgrade UDS sanitation	Business plan submitted to	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Spent the approved maintenance budget for	% of approved maintenance	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Sub-function 2 - Road Transport									
Construct new tar roads	No of kilometers constructed	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Spent the approved maintenance budget for roads	% of approved maintenance	2\3%	2\3%	2\3%	2\3%	2\3%	2\3%	2\3%	2\3%
Sub-function 3 - Infrastructural Services									
June for the project approval for the application of	Business plan submitted to	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Electricity Master plan	Completed plan	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
And so on for the rest of the Votes									

1. Include a measurable performance objective for each revenue source (within a relevant function) and each vote (MFMA s17(3)(b))

2. Include all Basic Services performance targets from 'Basic Service Delivery' to ensure Table SA7 represents all strategic responsibilities

3. Only include prior year comparative information for individual measures where relevant activity occurred in that year/s

NC073 Emthanjeni - Entities measureable performance objectives

Description	Unit of measurement	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue Framework	
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21
Entity 1 - (name of entity)									
Insert measure/s description									
Entity 2 - (name of entity)									
audit committee for approval by end June									
Entity 3 - (name of entity)									
audit committee for approval by end June									
And so on for the rest of the Entities									

1. Include a measurable performance objective as agreed with the parent municipality (MFMA s87(5)(d))

2. Only include prior year comparative information for individual measures where relevant activity occurred in that year/s

& Expenditure
Budget Year +2 2021/22
2.0% 3.0%
2.0% 1.0%
2.0% 1.0%
1.0% 2.0%
2.0% 2.0%
1.0% 1.0%
4.0% 2.0%
3.0% 5.0%
4.0% 3.0%
3.0% 2.0%
3.0% 2.0%
2.0% 2.0%
1.0% 3.0%
4.0% 4.0%
4.0% 9.0%
3.0% 2.0%
4.0% 2\3%
3.0% 5.0%

& Expenditure
Budget Year +2 2021/22

NC073 Emthanjeni - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.7%	2.3%	3.3%	2.3%	2.4%	2.4%	1.7%	1.0%	1.0%	0.8%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.8%	3.7%	6.7%	3.0%	3.2%	3.2%	2.0%	1.3%	1.2%	0.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	79.7%	91.7%	1.9%	56.5%	76.0%	80.9%	7.3%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	2.3	1.1	0.9	1.2	1.2	1.2	1.2	1.1	1.2	1.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.3	1.1	0.9	1.2	1.2	1.2	1.2	1.1	1.2	1.3
Liquidity Ratio	Monetary Assets/Current Liabilities	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.1	0.1	0.1
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		85.6%	84.2%	72.4%	95.0%	94.7%	94.7%	94.7%	90.9%	88.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		85.6%	84.2%	72.4%	95.0%	94.7%	94.7%	94.7%	90.9%	88.0%	87.7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	30.4%	29.2%	33.4%	24.0%	24.9%	24.9%	32.6%	24.6%	26.6%	28.2%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))										
Creditors to Cash and Investments		522.0%	1348.0%	2493.9%	3804.3%	1900.4%	1676.1%	2309.0%	18830.1%	3780.9%	3276.7%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW) Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ) Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	35.6%	31.8%	67.1%	35.0%	36.4%	36.4%	47.7%	35.3%	35.7%	35.8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	37.8%	34.0%	38.6%	37.5%	39.0%	39.0%		37.3%	37.7%	37.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.8%	5.7%	3.8%	9.0%	9.3%	9.3%		5.8%	5.2%	5.2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	32.1%	29.0%	33.3%	5.0%	5.2%	5.2%	5.6%	4.8%	4.8%	4.5%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	29.8	36.0	31.2	34.2	34.2	34.2	66.8	72.9	71.7	76.0
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	45.2%	42.0%	44.8%	36.5%	38.8%	38.8%	39.0%	32.6%	35.0%	37.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.5	0.2	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1

References

1. Consumer debtors > 12 months old are excluded from current assets

2. Only include if services provided by the municipality

NC073 Emthanjeni - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2015/16	2016/17	2017/18	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population		Census count/estimate	36	36	42	44	44	44	44	44	44	44
Females aged 5 - 14		Census count/estimate	6	6	7	7	7	7	7	7	7	7
Males aged 5 - 14		Census count/estimate	6	6	7	7	7	7	7	7	7	7
Females aged 15 - 34		Census count/estimate	8	8	8	8	8	8	8	8	8	8
Males aged 15 - 34		Census count/estimate	7	7	8	9	9	9	9	9	9	9
Unemployment		Census count/estimate	14	14	14	14	14	14	14	14	14	14
Monthly household income (no. of households)	1, 12											
No income		Census count/estimate				924	924	924	905	900	900	900
R1 - R1 600		Census count/estimate				2 728	2 728	2 728	2 755	2 760	2 760	2 760
R1 601 - R3 200		Census count/estimate				2 350	2 350	2 350	2 374	2 380	2 380	2 380
R3 201 - R6 400		Census count/estimate				1 760	1 760	1 760	1 778	1 789	1 789	1 789
R6 401 - R12 800		Census count/estimate				1 264	1 264	1 264	1 277	1 290	1 290	1 290
R12 801 - R25 600		Census count/estimate				939	939	939	949	987	987	987
R25 601 - R51 200		Census count/estimate				368	368	368	371	380	380	380
R52 201 - R102 400		Census count/estimate				68	68	68	68	70	70	70
R102 401 - R204 800		Census count/estimate				32	32	32	32	34	34	34
R204 801 - R409 600		Census count/estimate				24	24	24	24	27	27	27
R409 601 - R819 200		Census count/estimate										
> R819 200		Census count/estimate										
Poverty profiles (no. of households)												
< R2 060 per household per month	13											
Insert description	2											
Household/demographics (000)												
Number of people in municipal area		Census count/estimate	38 382	38 382	42 000	42	42	42	43	43	43	43
Number of poor people in municipal area		Census count/estimate	2 726	2 726	3 200	3	3	3	4	4	4	4
Number of households in municipal area		Census count/estimate	12 615	12 615	12 700	13	13	13	13	13	13	13
Number of poor households in municipal area		Census count/estimate	2 000	2 000	2 600	3	3	3	3	3	3	3
Definition of poor household (R per month)		Census count/estimate	-	-	2 800	2 800	2 800	3 000	3 100	4 400	4 400	4 400
Housing statistics	3											
Formal												
Informal												
Total number of households			-	-	-	-	-	-	-	-	-	-
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-
Economic	6											
Inflation/inflation outlook (CPIX)						6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Interest rate - borrowing						11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%
Interest rate - investment						7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Remuneration increases						8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%
Consumption growth (electricity)						0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Consumption growth (water)						-40.0%	-40.0%	-40.0%	-40.0%	-40.0%	-40.0%	-40.0%
Collection rates	7											
Property tax/service charges						90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Rental of facilities & equipment						90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Interest - external investments						90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Interest - debtors						90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Revenue from agency services						90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%

Detail on the provision of municipal services for A10

Total municipal services	Ref.		2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
		Household service targets (000)									
		Water:									
		Piped water inside dwelling	9 175	11 114	11 480	11 480	11 480	11 594	11 640	11 740	11 740
		Piped water inside yard (but not in dwelling)	473	695	736	736	736	743	763	763	763
	8	Using public tap (at least min.service level)	495	465	452	452	452	444	430	430	430
	10	Other water supply (at least min.service level)	473	341	333	333	333	320	310	310	310
		Minimum Service Level and Above sub-total	10 614	12 615	13 001	13 001	13 001	13 101	13 143	13 243	13 243
	9	Using public tap (< min.service level)	–	–	–	–	–	–	–	–	–
	10	Other water supply (< min.service level)	–	–	–	–	–	–	–	–	–
		No water supply	–	–	–	–	–	–	–	–	–
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	**10 614**	**12 615**	**13 001**	**13 001**	**13 001**	**13 101**	**13 143**	**13 243**	**13 243**
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)	7 652	8 847	9 377	9 377	9 377	9 507	10 038	10 138	10 138
		Flush toilet (with septic tank)	1 709	2 252	2 365	2 365	2 365	2 425	2 480	2 480	2 480
		Chemical toilet	727	705	663	663	663	636	625	625	625
		Pit toilet (ventilated)	473	458	431	431	431	406	–	–	–
		Other toilet provisions (> min.service level)	–	–	–	–	–	–	–	–	–
		Minimum Service Level and Above sub-total	10 561	12 262	12 836	12 836	12 836	12 974	13 143	13 243	13 243
		Bucket toilet	539	353	–	–	–	–	–	–	–
		Other toilet provisions (< min.service level)	9 175	–	–	–	–	–	–	–	–
		No toilet provisions	9 175	–	–	–	–	–	–	–	–
		Below Minimum Service Level sub-total	18 888	353	–	–	–	–	–	–	–
		Total number of households	**29 449**	**12 615**	**12 836**	**12 836**	**12 836**	**12 974**	**13 143**	**13 243**	**13 243**
		Energy:									
		Electricity (at least min.service level)	3 957	3 838	3 990	4 290	4 290	4 290	4 290	4 290	–
		Electricity - prepaid (min.service level)	5 715	8 115	8 206	8 350	8 350	8 350	8 500	8 500	–
		Minimum Service Level and Above sub-total	9 671	11 953	12 196	12 640	12 640	12 640	12 790	12 790	–
		Electricity (< min.service level)	484	469	435	400	400	400	400	400	–
		Electricity - prepaid (< min. service level)	473	193	189	162	162	162	62	62	–
		Other energy sources	–	–	–	–	–	–	–	–	–
		Below Minimum Service Level sub-total	956	662	624	562	562	562	462	462	–
		Total number of households	**10 627**	**12 615**	**12 820**	**13 202**	**13 202**	**13 202**	**13 252**	**13 252**	**–**
		Refuse:									
		Removed at least once a week	10 627	12 615	13 624	13 624	13 624	13 624	13 684	13 684	13 684
		Minimum Service Level and Above sub-total	10 627	12 615	13 624	13 624	13 624	13 624	13 684	13 684	13 684
		Removed less frequently than once a week	–	–	–	–	–	–	–	–	–
		Using communal refuse dump	–	–	–	–	–	–	–	–	–
		Using own refuse dump	–	–	–	–	–	–	–	–	–
		Other rubbish disposal	–	–	–	–	–	–	–	–	–
		No rubbish disposal	–	–	–	–	–	–	–	–	–
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	**10 627**	**12 615**	**13 624**	**13 624**	**13 624**	**13 624**	**13 684**	**13 684**	**13 684**

Municipal in-house services	Ref.		2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
		Household service targets (000)									
		Water:									
		Piped water inside dwelling	9 175	11 114	11 480	11 480	11 480	11 594	11 640	11 740	11 740
		Piped water inside yard (but not in dwelling)	473	695	736	736	736	743	763	763	763
	8	Using public tap (at least min.service level)	495	465	452	452	452	444	430	430	430
	10	Other water supply (at least min.service level)	473	341	333	333	333	320	310	310	310
		Minimum Service Level and Above sub-total	10 614	12 615	13 001	13 001	13 001	13 101	13 143	13 243	13 243
	9	Using public tap (< min.service level)									
	10	Other water supply (< min.service level)									
		No water supply									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	**10 614**	**12 615**	**13 001**	**13 001**	**13 001**	**13 101**	**13 143**	**13 243**	**13 243**
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)	7 652	8 847	9 377	9 377	9 377	9 507	10 038	10 138	10 138
		Flush toilet (with septic tank)	1 709	2 252	2 365	2 365	2 365	2 425	2 480	2 480	2 480
		Chemical toilet	727	705	663	663	663	636	625	625	625
		Pit toilet (ventilated)	473	458	431	431	431	406	–	–	–
		Other toilet provisions (> min.service level)	–	–	–	–	–	–	–	–	–
		Minimum Service Level and Above sub-total	10 561	12 262	12 836	12 836	12 836	12 974	13 143	13 243	13 243
		Bucket toilet	539	353							
		Other toilet provisions (< min.service level)	9 175	–							
		No toilet provisions	9 175	–							
		Below Minimum Service Level sub-total	18 888	353	–	–	–	–	–	–	–
		Total number of households	**29 449**	**12 615**	**12 836**	**12 836**	**12 836**	**12 974**	**13 143**	**13 243**	**13 243**
		Energy:									
		Electricity (at least min.service level)	3 957	3 838	3 990	4 290	4 290	4 290	4 290	4 290	
		Electricity - prepaid (min.service level)	5 715	8 115	8 206	8 350	8 350	8 350	8 500	8 500	
		Minimum Service Level and Above sub-total	9 671	11 953	12 196	12 640	12 640	12 640	12 790	12 790	–
		Electricity (< min.service level)	484	469	435	400	400	400	400	400	
		Electricity - prepaid (< min. service level)	473	193	189	162	162	162	62	62	
		Other energy sources	–	–	–	–	–	–	–	–	
		Below Minimum Service Level sub-total	956	662	624	562	562	562	462	462	–
		Total number of households	**10 627**	**12 615**	**12 820**	**13 202**	**13 202**	**13 202**	**13 252**	**13 252**	**–**
		Refuse:									
		Removed at least once a week	10 627	12 615	13 624	13 624	13 624	13 624	13 684	13 684	13 684
		Minimum Service Level and Above sub-total	10 627	12 615	13 624	13 624	13 624	13 624	13 684	13 684	13 684
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	**10 627**	**12 615**	**13 624**	**13 624**	**13 624**	**13 624**	**13 684**	**13 684**	**13 684**

Municipal entity services	Ref.		2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Name of municipal entity		**Household service targets (000)**									
		Water:									
		Piped water inside dwelling									
		Piped water inside yard (but not in dwelling)									
	8	Using public tap (at least min.service level)									
	10	Other water supply (at least min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
	9	Using public tap (< min.service level)									
	10	Other water supply (< min.service level)									
		No water supply									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
Name of municipal entity		***Sanitation/sewerage:***									
		Flush toilet (connected to sewerage)									
		Flush toilet (with septic tank)									
		Chemical toilet									
		Pit toilet (ventilated)									
		Other toilet provisions (> min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Bucket toilet									
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
Name of municipal entity		***Energy:***									
		Electricity (at least min.service level)									
		Electricity - prepaid (min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
Name of municipal entity		***Refuse:***									
		Removed at least once a week									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–

Services provided by 'external mechanisms'	Ref.		2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Names of service providers		**Household service targets (000)**									
		Water:									
		Piped water inside dwelling									
		Piped water inside yard (but not in dwelling)									
	8	Using public tap (at least min.service level)									
	10	Other water supply (at least min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
	9	Using public tap (< min.service level)									
	10	Other water supply (< min.service level)									
		No water supply									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
Names of service providers		***Sanitation/sewerage:***									
		Flush toilet (connected to sewerage)									
		Flush toilet (with septic tank)									
		Chemical toilet									
		Pit toilet (ventilated)									
		Other toilet provisions (> min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Bucket toilet									
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
Names of service providers		***Energy:***									
		Electricity (at least min.service level)									
		Electricity - prepaid (min.service level)									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–
Names of service providers		***Refuse:***									
		Removed at least once a week									
		Minimum Service Level and Above sub-total	–	–	–	–	–	–	–	–	–
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		Below Minimum Service Level sub-total	–	–	–	–	–	–	–	–	–
		Total number of households	–	–	–	–	–	–	–	–	–

Detail of Free Basic Services (FBS) provided			2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Electricity	Ref.	***Location of households for each type of FBS***									
List type of FBS service		**Formal settlements - (50 kwh per indigent household per month Rands)**									

		Number of HH receiving this type of FBS	3 750	3 750	3 750	3 800	3 800	3 800	4 000	4 000	4 000
		Informal settlements (Rands)									
		Number of HH receiving this type of FBS									
		Informal settlements targeted for upgrading (Rands)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (Rands)									
		Number of HH receiving this type of FBS									
		Other (Rands)									
		Number of HH receiving this type of FBS									
		Total cost of FBS - Electricity for informal settlements	–	–	–	–	–	–	–	–	–
Water	Ref.	***Location of households for each type of FBS***									
List type of FBS service		**Formal settlements - (6 kilolitre per indigent household per month Rands)**									
		Number of HH receiving this type of FBS	3 750	3 750	3 750	3 800	3 800	3 800	4 000	4 000	4 000
		Informal settlements (Rands)									
		Number of HH receiving this type of FBS									
		Informal settlements targeted for upgrading (Rands)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (Rands)									
		Number of HH receiving this type of FBS									
		Other (Rands)									
		Number of HH receiving this type of FBS									
		Total cost of FBS - Water for informal settlements	–	–	–	–	–	–	–	–	–
Sanitation	Ref.	***Location of households for each type of FBS***									
List type of FBS service		**Formal settlements - (free sanitation service to indigent households)**									
		Number of HH receiving this type of FBS	3 750	3 750	3 750	3 800	3 800	3 800	4 000	4 000	4 000
		Informal settlements (Rands)									
		Number of HH receiving this type of FBS									
		Informal settlements targeted for upgrading (Rands)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (Rands)									
		Number of HH receiving this type of FBS									
		Other (Rands)									
		Number of HH receiving this type of FBS									
		Total cost of FBS - Sanitation for informal settlements	–	–	–	–	–	–	–	–	–
Refuse Removal	Ref.	***Location of households for each type of FBS***									
List type of FBS service		**Formal settlements - (removed once a week to indigent households)**									
		Number of HH receiving this type of FBS	3 750	3 750	3 750	3 800	3 800	3 800	4 000	4 000	4 000
		Informal settlements (Rands)									
		Number of HH receiving this type of FBS									
		Informal settlements targeted for upgrading (Rands)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (Rands)									
		Number of HH receiving this type of FBS									
		Other (Rands)									
		Number of HH receiving this type of FBS									
		Total cost of FBS - Refuse Removal for informal settlements	–	–	–	–	–	–	–	–	–

References

1. Monthly household income threshold. Should include all sources of income.

2. Show the poverty analysis the municipality uses to determine its indigents policy and the provision of services

3. Include total of all housing units within the municipality

4. Number of subsidised dwellings to be constructed by the municipality under agency agreement with province

5. Provide estimate based on building approval information. Include any non-subsidised dwellings constructed by the municipality

6. Insert actual or estimated % increases assumed as a basis for budget calculations

7. Insert actual or estimated % collection rate assumed as a basis for budget calculations for each revenue group

8. Stand distance <= 200m from dwelling

9. Stand distance > 200m from dwelling

10. Borehole, spring, rain-water tank etc.

11. Must agree to total number of households in municipal area

12. Household income categories assume an average 4 person household. Stats SA - Census 2011 Questionnaire

13. Based on National poverty line of R515 per capita per month (2008 prices), assuming an average household size of 4 persons

NC073 Emthanjeni Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	7 524	3 448	2 943	977	2 105	2 387	1 733	270	1 468	1 760
Cash + investments at the yr end less applications - R'000	18(1)b	2	5 662	(5 545)	(21 136)	8 953	7 857	7 857	10 327	(1 591)	(861)	3 358
Cash year end/monthly employee/supplier payments	18(1)b	3	0.5	0.2	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(57 190)	(51 085)	(105 124)	40 972	33 910	33 910	(35 312)	37 068	26 642	28 770
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	6.1%	(0.1%)	(8.8%)	(11.9%)	(6.0%)	(6.0%)	25.5%	(0.2%)	(0.1%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	77.9%	78.3%	74.3%	94.5%	94.2%	94.2%	98.6%	90.2%	87.3%	87.1%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	23.0%	24.0%	16.1%	4.7%	5.0%	5.0%	0.0%	3.9%	3.9%	3.9%
Capital payments % of capital expenditure	18(1)c;19	8	100.0%	96.7%	97.6%	100.0%	94.3%	94.3%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	79.7%	91.7%	1.9%	56.5%	61.6%	61.6%	6.5%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	3.9%	13.1%	(20.8%)	0.0%	0.0%	0.0%	10.5%	13.6%	12.6%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	8.8%	7.5%	(6.1%)	0.0%	0.0%	0.0%	0.2%	0.1%	1.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	1.4%	1.6%	1.0%	2.0%	2.0%	2.0%	1.4%	1.8%	1.6%	1.7%
Asset renewal % of capital budget	20(1)(vi)	14	10.4%	53.9%	20.5%	10.7%	10.8%	10.8%	0.0%	35.5%	23.8%	23.9%

References

1. Positive cash balances indicative of minimum compliance - subject to 2

2. Deduct cash and investment applications (defined) from cash balances

3. Indicative of sufficient liquidity to meet average monthly operating payments

4. Indicative of funded operational requirements

5. Indicative of adherence to macro-economic targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)

6. Realistic average cash collection forecasts as % of annual billed revenue

7. Realistic average increase in debt impairment (doubtful debt) provision

8. Indicative of planned capital expenditure level & cash payment timing

9. Indicative of compliance with borrowing 'only' for the capital budget - should not exceed 100% unless refinancing

10. Substantiation of National/Province allocations included in budget

11. Indicative of realistic current arrear debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)

12. Indicative of realistic long term arrear debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)

13. Indicative of a credible allowance for repairs & maintenance of assets - functioning assets revenue protection

14. Indicative of a credible allowance for asset renewal (requires analysis of asset renewal projects as % of total capital projects - detailed capital plan) - functioning assets revenue protection

Supporting indicators												
% incr *total service charges (incl prop rates)*	18(1)a			12.1%	5.9%	(2.8%)	(5.9%)	0.0%	0.0%	31.5%	5.8%	5.9%
% incr Property Tax	18(1)a			17.7%	3.4%	(7.9%)	0.0%	0.0%	0.0%	9.9%	6.0%	6.0%
% incr Service charges - electricity revenue	18(1)a			12.5%	(4.5%)	(19.9%)	(3.8%)	0.0%	0.0%	59.6%	5.9%	6.1%
% incr Service charges - water revenue	18(1)a			8.5%	22.6%	9.4%	(7.1%)	0.0%	0.0%	19.6%	5.6%	5.6%
% incr Service charges - sanitation revenue	18(1)a			6.3%	49.2%	19.8%	(11.8%)	0.0%	0.0%	11.4%	5.5%	5.5%
% incr Service charges - refuse revenue	18(1)a			5.3%	0.8%	100.4%	(16.3%)	0.0%	0.0%	11.4%	5.5%	5.4%
% incr in	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a		133 008	149 041	157 860	153 381	144 344	144 344	144 344	189 851	200 848	212 667
Service charges			133 008	149 041	157 860	153 381	144 344	144 344	144 344	189 851	200 848	212 667
Property rates			26 117	30 752	31 790	29 289	29 289	29 289	29 289	32 175	34 106	36 152
Service charges - electricity revenue			67 805	76 314	72 882	58 374	56 141	56 141	56 141	89 587	94 863	100 661
Service charges - water revenue			22 236	24 128	29 572	32 365	30 063	30 063	30 063	35 941	37 966	40 095
Service charges - sanitation revenue			10 937	11 622	17 344	20 780	18 334	18 334	18 334	20 431	21 554	22 730
Service charges - refuse removal			5 913	6 225	6 273	12 572	10 517	10 517	10 517	11 716	12 359	13 029
Service charges - other			–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment			788	833	852	833	833	833	–	1 078	1 152	1 230
Capital expenditure excluding capital grant funding			1 451	10 354	2 374	6 246	5 730	5 730	54 608	19 088	6 144	6 513
Cash receipts from ratepayers	18(1)a		122 624	135 365	129 626	179 095	170 059	170 059	170 059	180 938	185 414	195 870
Ratepayer & Other revenue	18(1)a		157 411	172 924	174 353	189 571	180 534	180 534	172 499	200 582	212 315	224 921
Change in consumer debtors (current and non-current)			7 169	2 361	8 209	(14 792)	(14 792)	(14 792)	(14 792)	5 912	8 458	8 908
Operating and Capital Grant Revenue	18(1)a		49 790	50 699	72 892	96 376	96 376	96 376	–	79 580	67 842	72 430
Capital expenditure - total	20(1)(vi)		11 646	20 832	33 178	58 436	57 920	57 920	54 608	48 873	22 573	23 774
Capital expenditure - renewal	20(1)(vi)		1 210	11 238	6 790	6 246	6 246	6 246		17 351	5 363	5 685
Supporting benchmarks												
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline			4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY												
DoRA capital grants total MFY												
Provincial operating grants												
Provincial capital grants												
District Municipality grants												
Total gazetted/advised national, provincial and district grants										–	–	–
Average annual collection rate (arrears inclusive)												
DoRA operating												
List operating grants												
										–	–	–
DoRA capital												
List capital grants												
										–	–	–
Trend												
Change in consumer debtors (current and non-current)			7 169	2 361	8 209	(14 792)	5 912	8 458	8 908	–	–	–
Total Operating Revenue			199 248	215 249	212 986	234 944	225 907	225 907	172 499	252 434	265 929	282 443
Total Operating Expenditure			265 592	276 811	351 892	246 162	244 187	244 187	207 811	245 151	255 715	270 934
Operating Performance Surplus/(Deficit)			(66 344)	(61 562)	(138 906)	(11 218)	(18 280)	(18 280)	(35 312)	7 283	10 213	11 509
Cash and Cash Equivalents (30 June 2012)										270		
Revenue												
% Increase in Total Operating Revenue				8.0%	(1.1%)	10.3%	(3.8%)	0.0%	(23.6%)	11.7%	5.3%	6.2%
% Increase in Property Rates Revenue				17.7%	3.4%	(7.9%)	0.0%	0.0%	0.0%	9.9%	6.0%	6.0%
% Increase in Electricity Revenue				12.5%	(4.5%)	(19.9%)	(3.8%)	0.0%	0.0%	59.6%	5.9%	6.1%
% Increase in Property Rates & Services Charges				12.1%	5.9%	(2.8%)	(5.9%)	0.0%	0.0%	31.5%	5.8%	5.9%
Expenditure												
% Increase in Total Operating Expenditure				4.2%	27.1%	(30.0%)	(0.8%)	0.0%	(14.9%)	0.4%	4.3%	6.0%
% Increase in Employee Costs				(3.5%)	108.8%	(42.5%)	0.0%	0.0%	0.0%	8.4%	6.5%	6.5%
% Increase in Electricity Bulk Purchases				8.5%	1.5%	3.8%	0.0%	0.0%	0.0%	15.0%	7.0%	7.0%
Average Cost Per Budgeted Employee Position (Remuneration)					315687.4461	184508.4753				200017.8386		
Average Cost Per Councillor (Remuneration)					381047.2143	417138				473640.1429		
R&M % of PPE			1.4%	1.6%	1.0%	2.0%	2.0%	2.0%		1.8%	1.6%	1.7%
Asset Renewal and R&M as a % of PPE			1.0%	2.0%	1.0%	3.0%	3.0%	3.0%		3.0%	2.0%	2.0%
Debt Impairment % of Total Billable Revenue			23.0%	24.0%	16.1%	4.7%	5.0%	5.0%	0.0%	3.9%	3.9%	3.9%
Capital Revenue												
Internally Funded & Other (R'000)			295	856	2 374	6 246	6 246	6 246	–	7 088	6 144	6 513
Borrowing (R'000)			1 156	9 497	–	–	–	–	–	12 000	–	–
Grant Funding and Other (R'000)			10 195	10 478	30 804	52 190	52 190	52 190	–	29 784	16 429	17 261
Internally Generated funds % of Non Grant Funding			20.3%	8.3%	100.0%	100.0%	100.0%	100.0%	0.0%	37.1%	100.0%	100.0%
Borrowing % of Non Grant Funding			79.7%	91.7%	0.0%	0.0%	0.0%	0.0%	0.0%	62.9%	0.0%	0.0%
Grant Funding % of Total Funding			87.5%	50.3%	92.8%	89.3%	89.3%	89.3%	0.0%	60.9%	72.8%	72.6%
Capital Expenditure												
Total Capital Programme (R'000)			11 646	20 832	33 178	58 436	58 436	58 436	–	48 873	22 573	23 774
Asset Renewal			1 210	11 238	6 790	6 246	6 246	6 246	6 246	17 351	5 363	5 685
Asset Renewal % of Total Capital Expenditure			10.4%	53.9%	20.5%	10.7%	10.7%	10.7%	0.0%	35.5%	23.8%	23.9%
Cash												
Cash Receipts % of Rate Payer & Other			77.9%	78.3%	74.3%	94.5%	94.2%	94.2%	98.6%	90.2%	87.3%	87.1%
Cash Coverage Ratio			0	0	0	0	0	0	0	0	0	0
Borrowing												
Credit Rating (2009/10)										0		
Capital Charges to Operating			1.7%	2.3%	3.3%	2.3%	2.4%	2.4%	1.7%	1.0%	1.0%	0.8%
Borrowing Receipts % of Capital Expenditure			79.7%	91.7%	1.9%	56.5%	61.6%	61.6%	6.5%	0.0%	0.0%	0.0%
Reserves												
Surplus/(Deficit)			5 662	(5 545)	(21 136)	8 953	7 857	7 857	10 327	(1 591)	(861)	3 358
Free Services												
Free Basic Services as a % of Equitable Share			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Free Services as a % of Operating Revenue (excl operational transfers)			0.0%	0.0%	0.0%	12.5%	13.1%	13.1%		4.8%	4.8%	4.8%
High Level Outcome of Funding Compliance												
Total Operating Revenue			199 248	215 249	212 986	234 944	225 907	225 907	172 499	252 434	265 929	282 443
Total Operating Expenditure			265 592	276 811	351 892	246 162	244 187	244 187	207 811	245 151	255 715	270 934
Surplus/(Deficit) Budgeted Operating Statement			(66 344)	(61 562)	(138 906)	(11 218)	(18 280)	(18 280)	(35 312)	7 283	10 213	11 509
Surplus/(Deficit) Considering Reserves and Cash Backing			5 662	(5 545)	(21 136)	8 953	7 857	7 857	10 327	(1 591)	(861)	3 358
MTREF Funded (1) / Unfunded (0)		15	1	0	0	1	1	1	1	0	0	1
MTREF Funded ✓ / Unfunded ✗		15	✓	✗	✗	✓	✓	✓	✓	✗	✗	✓

References

15. Subject to figures provided in Schedule.

NC073 Emthanjeni - Supporting Table SA11 Property rates summary

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Valuation:	1									
Date of valuation:		2013-01-07	2013-01-07	2017-07-01						
Financial year valuation used		**2013**	**2013**	**2017**						
Municipal by-laws s6 in place? (Y/N)	2	Yes	Yes	Yes						
Municipal/assistant valuer appointed? (Y/N)		Yes	Yes	Yes						
Municipal partnership s38 used? (Y/N)		No	No	No						
No. of assistant valuers (FTE)	3	**2**	**2**							
No. of data collectors (FTE)	3	2	2							
No. of internal valuers (FTE)	3	–	–	–						
No. of external valuers (FTE)	3	1	1	1						
No. of additional valuers (FTE)	4	–	–	–						
Valuation appeal board established? (Y/N)		Yes		Yes						
Implementation time of new valuation roll (mths)										
No. of properties	5	10 657	11 296	10 753						
No. of sectional title values	5									
No. of unreasonably difficult properties s7(2)										
No. of supplementary valuations										
No. of valuation roll amendments										
No. of objections by rate payers		8	–	186						
No. of appeals by rate payers		9	–							
No. of successful objections	8		–							
No. of successful objections > 10%	8		–							
Supplementary valuation		Yes	No	Yes						
Public service infrastructure value (Rm)	5									
Municipality owned property value (Rm)		96		89						
Valuation reductions:										
Valuation reductions-public infrastructure (Rm)										
Valuation reductions-nature reserves/park (Rm)										
Valuation reductions-mineral rights (Rm)										
Valuation reductions-R15,000 threshold (Rm)										
Valuation reductions-public worship (Rm)										
Valuation reductions-other (Rm)										
Total valuation reductions:		–	–	–	–	–	–	–	–	–
Total value used for rating (Rm)	5									
Total land value (Rm)	5									
Total value of improvements (Rm)	5						x			
Total market value (Rm)	5									
Rating:										
Residential rate used to determine rate for other categories? (Y/N)		Yes	Yes	Yes						
Differential rates used? (Y/N)	5	Yes	Yes	Yes						
Limit on annual rate increase (s20)? (Y/N)		Yes								
Special rating area used? (Y/N)		No	No	No						
Phasing-in properties s21 (number)		2280	2280	2280						
Rates policy accompanying budget? (Y/N)		Yes	Yes	Yes						
Fixed amount minimum value (R'000)		18	18	18						
Non-residential prescribed ratio s19? (%)		15.0%	15.0%	15.0%						
Rate revenue:										
Rate revenue budget (R '000)	6	27 266	29 165	27 763						
Rate revenue expected to collect (R'000)	6	26 176	27 999	24 942						
Expected cash collection rate (%)		96.0%	96.0%	89.8%						
Special rating areas (R'000)	7	–	–							
Rebates, exemptions - indigent (R'000)		12 455	13 202							
Rebates, exemptions - pensioners (R'000)		–	–	–						
Rebates, exemptions - bona fide farm. (R'000)		–	–	–						
Rebates, exemptions - other (R'000)		–	–	–						
Phase-in reductions/discounts (R'000)		–	–	–						
Total rebates,exemptns,reductns,discs (R'000)		**12 455**	**13 202**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

References

1. All numbers to be expressed as whole numbers except FTEs and Rates in the Rand

2. To give effect to rates policy

3. Full Time Equivalent (FTE) should be expressed to one decimal place and takes into account full time and part time staff

4. Required to implement new system (FTE)

5. Provide relevant information for historical comparisons. Must reconcile to the total of Table SA12

6. Current and budget year must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)

7. Included in rate revenue budget

8. In favour of the rate-payer

NC073 Emthanjeni - Supporting Table SA12a Property rates by category (current year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
Current Year 2018/19																	
Valuation:																	
No. of properties																	
No. of sectional title property values																	
No. of unreasonably difficult properties s7(2)																	
No. of supplementary valuations																	
Supplementary valuation (Rm)																	
No. of valuation roll amendments																	
No. of objections by rate-payers																	
No. of appeals by rate-payers																	
No. of appeals by rate-payers finalised																	
No. of successful objections	5																
No. of successful objections > 10%	5																
Estimated no. of properties not valued																	
Years since last valuation **(select)**																	
Frequency of valuation **(select)**																	
Method of valuation used **(select)**																	
Base of valuation **(select)**																	
Phasing-in properties s21 (number)																	
Combination of rating types used? (Y/N)																	
Flat rate used? (Y/N)																	
Is balance rated by uniform rate/variable rate?																	
Valuation reductions:																	
Valuation reductions-public infrastructure (Rm)																	
Valuation reductions-nature reserves/park (Rm)																	
Valuation reductions-mineral rights (Rm)																	
Valuation reductions-R15,000 threshold (Rm)																	
Valuation reductions-public worship (Rm)																	
Valuation reductions-other (Rm)	2																
Total valuation reductions:																	
Total value used for rating (Rm)	6																
Total land value (Rm)	6																
Total value of improvements (Rm)	6																
Total market value (Rm)	6																
Rating:																	
Average rate	3																
Rate revenue budget (R '000)																	
Rate revenue expected to collect (R'000)																	
Expected cash collection rate (%)	4																
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)																	
Rebates, exemptions - pensioners (R'000)																	
Rebates, exemptions - bona fide farm. (R'000)																	
Rebates, exemptions - other (R'000)																	
Phase-in reductions/discounts (R'000)																	
Total rebates,exemptns,reductns,discs (R'000)																	

References

1. Land & Assistance Act, Restitution of Land Rights, Communual Property Associations

2. Include value of additional reductions is 'free' value greater than MPRA minimum.

3. Average rate - cents in the Rand. Eg 10.26 cents in the Rand is 0.1026, expressed to 6 decimal places maximum

4. Include arrears collections

5. In favour of the rate-payer

6. Provide relevant information for historical comparisons.

NC073 Emthanjeni - Supporting Table SA12b Property rates by category (budget year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
Budget Year 2019/20																	
Valuation:																	
No. of properties																	
No. of sectional title property values																	
No. of unreasonably difficult properties s7(2)																	
No. of supplementary valuations																	
Supplementary valuation (Rm)																	
No. of valuation roll amendments																	
No. of objections by rate-payers																	
No. of appeals by rate-payers																	
No. of appeals by rate-payers finalised																	
No. of successful objections	5																
No. of successful objections > 10%	5																
Estimated no. of properties not valued																	
Years since last valuation **(select)**																	
Frequency of valuation **(select)**																	
Method of valuation used **(select)**																	
Base of valuation **(select)**																	
Phasing-in properties s21 (number)																	
Combination of rating types used? (Y/N)																	
Flat rate used? (Y/N)																	
Is balance rated by uniform rate/variable rate?																	
Valuation reductions:																	
Valuation reductions-public infrastructure (Rm)																	
Valuation reductions-nature reserves/park (Rm)																	
Valuation reductions-mineral rights (Rm)																	
Valuation reductions-R15,000 threshold (Rm)																	
Valuation reductions-public worship (Rm)																	
Valuation reductions-other (Rm)	2																
Total valuation reductions:																	
Total value used for rating (Rm)	6																
Total land value (Rm)	6																
Total value of improvements (Rm)	6																
Total market value (Rm)	**6**																
Rating:																	
Average rate	3																
Rate revenue budget (R '000)																	
Rate revenue expected to collect (R'000)																	
Expected cash collection rate (%)	4																
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)																	
Rebates, exemptions - pensioners (R'000)																	
Rebates, exemptions - bona fide farm. (R'000)																	
Rebates, exemptions - other (R'000)																	
Phase-in reductions/discounts (R'000)																	
Total rebates,exemptns,reductns,discs (R'000)																	

References

1. Land & Assistance Act, Restitution of Land Rights, Communual Property Associations

2. Include value of additional reductions is 'free' value greater than MPRA minimum.

3. Average rate - cents in the Rand. Eg 10.26 cents in the Rand is 0.1026, expressed to 6 decimal places maximum

4. Include arrears collections

5. In favour of the rate-payer

6. Provide relevant information for historical comparisons.

NC073 Emthanjeni - Supporting Table SA13a Service Tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2015/16	2016/17	2017/18	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
							Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Property rates *(rate in the Rand)*	1								
Residential properties						0.0116	0.0123	0.0132	
Residential properties - vacant land			0.0326	0.0173		0.0345	0.0366	0.0391	
Formal/informal settlements									
Small holdings									
Farm properties - used			0.0032	0.0435		0.0029	0.0031	0.0033	
Farm properties - not used									
Industrial properties			0.0174	0.0171					
Business and commercial properties			0.1340	0.0133					
Communal land - residential									
Communal land - small holdings									
Communal land - farm property									
Communal land - business and commercial									
Communal land - other									
State-owned properties			0.0169	0.0169					
Municipal properties									
Public service infrastructure			-	-					
Privately owned towns serviced by the owner									
State trust land									
Restitution and redistribution properties									
Protected areas									
National monuments properties									
Exemptions, reductions and rebates *(Rands)*									
Residential properties									
R15 000 threshhold rebate			15 000	15 000	15 000	15 000	15 000	15 000	15 000
General residential rebate									
Indigent rebate or exemption									
Pensioners/social grants rebate or exemption									
Temporary relief rebate or exemption									
Bona fide farmers rebate or exemption									
Other rebates or exemptions	2								
Water tariffs									
Domestic									
Basic charge/fixed fee *(Rands/month)*			57	61	65	65	69	74	78.55
Service point - vacant land *(Rands/month)*									
Water usage - flat rate tariff *(c/kl)*									
Water usage - life line tariff		1 - 6 kilo liters	-	-	5	5	5	6	6.11
Water usage - Block 1 (c/kl)		7 - 15 kilo litters	8	8	9	9	10	10	11
Water usage - Block 2 (c/kl)		16 - 30 kiloliters	9	9	10	10	11	12	13
Water usage - Block 3 (c/kl)		31 - 45 kiloliters	10	11	11	12	13	14	15
Water usage - Block 4 (c/kl)		46 - 65 kiloliters	11	11	12	13	13	14	15
Other	2	66 kiloliters and more			13	14	15	16	17
Waste water tariffs									
Domestic									
Basic charge/fixed fee *(Rands/month)*			143	151	160	169	181	194	205.16
Service point - vacant land *(Rands/month)*									
Waste water - flat rate tariff *(c/kl)*									
Volumetric charge - Block 1 (c/kl)		(fill in structure)							
Volumetric charge - Block 2 (c/kl)		(fill in structure)							
Volumetric charge - Block 3 (c/kl)		(fill in structure)							

Volumetric charge - Block 4 (c/kl)		(fill in structure)							
Other	2								
Electricity tariffs									
Domestic									
Basic charge/fixed fee *(Rands/month)*			132	142	144	152	171	183	
Service point - vacant land *(Rands/month)*									
FBE		(how is this targeted?)							
Life-line tariff - meter		(describe structure)							
Life-line tariff - prepaid		(describe structure)							
Flat rate tariff - meter *(c/kwh)*									
Flat rate tariff - prepaid*(c/kwh)*									
Meter - IBT Block 1 (c/kwh)		1khw - 50 kwh	1	1	1	1	1	1	
Meter - IBT Block 2 (c/kwh)		51kwh - 350kwh	1	1	1	1	1	1	
Meter - IBT Block 3 (c/kwh)		351 kwh - 600kwh	1	1	1	2	2	2	
Meter - IBT Block 4 (c/kwh)		601 kwh and more	1	2	2	2	2	2	
Meter - IBT Block 5 (c/kwh)		(fill in thresholds)							
Prepaid - IBT Block 1 (c/kwh)		1khw - 50 kwh	1	1	1	1	1		
Prepaid - IBT Block 2 (c/kwh)		51kwh - 350kwh	1	1	1	1	1		
Prepaid - IBT Block 3 (c/kwh)		351 kwh - 600kwh	1	2	2	2	2		
Prepaid - IBT Block 4 (c/kwh)		601 kwh and more	2	2	2	2	2		
Prepaid - IBT Block 5 (c/kwh)		(fill in thresholds)							
Other	2								
Waste management tariffs									
Domestic									
Street cleaning charge									
Basic charge/fixed fee		Basic Charge	89	94	100	105	113	121	
80l bin - once a week									
250l bin - once a week									

References

1. If properties are not rated or zero rated this must be indicated as such

2.Please provide detailed descriptions on Sheet SA13b

NC073 Emthanjeni - Supporting Table SA13b Service Tariffs by category - explanatory

Description	Ref	Provide description of tariff structure where appropriate	2015/16	2016/17	2017/18	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
							Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Exemptions, reductions and rebates *(Rands)*									
[Insert lines as applicable]									
Water tariffs									
[Insert blocks as applicable]		(fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds)							
Waste water tariffs									
[Insert blocks as applicable]		(fill in structure) (fill in structure) (fill in structure) (fill in structure) (fill in structure) (fill in structure) (fill in structure) (fill in structure) (fill in structure)							
Electricity tariffs									
[Insert blocks as applicable]		(fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds) (fill in thresholds)							

NC073 Emthanjeni - Supporting Table SA14 Household bills

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
Rand/cent		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20 % incr.	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		880.94	933.80	542.29	649.88	649.88	649.88	6.0%	688.87	730.21	774.02
Electricity: Basic levy		131.67	142.20	145.94	151.55	151.55	151.55	13.1%	171.36	183.35	194.35
Electricity: Consumption		1 256.33	1 356.84	1 381.26	3 484.00	3 484.00	3 484.00	13.1%	3 939.36	4 215.11	4 468.02
Water: Basic levy		57.82	61.29	64.73	68.29	68.29	68.29	6.0%	72.39	76.73	81.33
Water: Consumption		199.25	211.20	224.72	256.15	256.15	256.15	6.0%	271.52	287.81	305.08
Sanitation		142.09	150.62	182.71	169.06	169.06	169.06	6.0%	179.20	189.96	201.35
Refuse removal		88.61	93.92	113.93	105.43	105.43	105.43	6.0%	111.76	118.46	125.57
Other								6.0%			
sub-total		**2 756.71**	**2 949.87**	**2 655.58**	**4 884.36**	**4 884.36**	**4 884.36**	**11.3%**	**5 434.45**	**5 801.63**	**6 149.73**
VAT on Services		262.61	412.61	371.78	635.17	635.17	635.17		815.17	870.24	922.46
Total large household bill:		**3 019.32**	**3 362.48**	**3 027.36**	**5 519.53**	**5 519.53**	**5 519.53**	**13.2%**	**6 249.62**	**6 671.87**	**7 072.19**
% increase/-decrease			**11.4%**	**(10.0%)**	**82.3%**	**–**	**–**		**13.2%**	**6.8%**	**6.0%**
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		666.60	706.60	383.96	456.46	456.46	456.46	6.0%	483.85	512.88	543.65
Electricity: Basic levy		131.67	142.20	145.94	151.55	151.55	151.55	13.1%	171.36	183.35	194.35
Electricity: Consumption		837.66	904.67	920.95	633.00	633.00	633.00	13.1%	715.73	765.83	811.78
Water: Basic levy		57.82	61.29	64.73	68.29	68.29	68.29	6.0%	72.39	76.73	81.33
Water: Consumption		155.86	165.21	175.78	204.70	204.70	204.70	6.0%	216.98	230.00	243.80
Sanitation		142.09	150.62	182.71	169.06	169.06	169.06	6.0%	179.20	189.96	201.35
Refuse removal		88.61	93.93	113.93	105.43	105.43	105.43	6.0%	111.76	118.46	125.57
Other		–	–								
sub-total		**2 080.31**	**2 224.52**	**1 988.00**	**1 788.49**	**1 788.49**	**1 788.49**	**9.1%**	**1 951.27**	**2 077.21**	**2 201.85**
VAT on Services		197.92	212.14	278.32	199.80	199.80	199.80		284.37	301.43	319.52
Total small household bill:		**2 278.23**	**2 436.66**	**2 266.32**	**1 988.29**	**1 988.29**	**1 988.29**	**12.4%**	**2 235.64**	**2 378.65**	**2 521.36**
% increase/-decrease			**7.0%**	**(7.0%)**	**(12.3%)**	**–**	**–**		**12.4%**	**6.4%**	**6.0%**
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		45.01	47.71	225.63	263.05	263.05	263.05	6.0%	278.83	295.56	313.30
Electricity: Basic levy		–	–	145.94	–	–	–		–	–	–
Electricity: Consumption		40.95	44.23	62.39	345.00	345.00	345.00	13.1%	390.09	417.40	442.44
Water: Basic levy		57.82	61.29	64.73	–	–	–		–	–	–
Water: Consumption		–	–	160.26	18.14	18.14	18.14	6.0%	19.23	20.38	21.61
Sanitation		142.09	150.62	182.71	–	–	–		–	–	–
Refuse removal		88.61	93.93	113.93	–	–	–		–	–	–
Other		–	–						–	–	–
sub-total		**374.48**	**397.78**	**955.59**	**626.19**	**626.19**	**626.19**	**9.9%**	**688.15**	**733.34**	**777.34**
VAT on Services		46.13	49.01	133.78	54.47	54.47	54.47	#NAME?	99.56	105.54	111.87
Total small household bill:		**420.61**	**446.79**	**1 089.37**	**680.66**	**680.66**	**680.66**	**15.7%**	**787.72**	**838.88**	**889.21**
% increase/-decrease			**6.2%**	**143.8%**	**(37.5%)**	**–**	**–**		**15.7%**	**6.5%**	**6.0%**

References

1. Use as basis property value of R700 000, 1 000 kWh electricity and 30kl water

2. Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water

3. Use as basis property value of R 300 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free)

NC073 Emthanjeni - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		–	25	28	8 445	10 331	10 331	8 512	8 872	8 335
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	**–**	**25**	**28**	**8 445**	**10 331**	**10 331**	**8 512**	**8 872**	**8 335**
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		**–**	–	–	–	–	–	–	–	–
Consolidated total:		**–**	**25**	**28**	**8 445**	**10 331**	**10 331**	**8 512**	**8 872**	**8 335**

References

1. Total investments must reconcile to Budgeted Financial Position ('current' call investment deposits plus 'non-current' investments)

NC073 Emthanjeni - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity Name of institution & investment ID	Ref 1	Period of Investment Yrs/Months	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate [3]	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Parent municipality														
ABSA Bank 2062198906		12 Months	Deposits	Yes	Fixed	6.07			30 June 2018	9 063	987	(1 699)	–	**8 351**
Standard Bank of South Africa Limited 288910672002		12 Months	Deposits	Yes	Fixed	2.3			30 June 2018	0	–	–	–	**0**
ABSA Bank Limited 2068494239		12 Months	Deposits	Yes	Fixed	7.48			30 June 2018	18	–	–	–	**18**
Standard Bank of South Africa Limited 388910356-002		12 Months	Deposits	Yes	Fixed	6.6			30 June 2018	25	–	–	–	**25**
Standard Bank of South Africa Limited 288910672001		12 Months	Deposits	Yes	Fixed	1.6			30 June 2018	–	–	–	–	**–**
First National Bank 62338612105 / 808		12 Months	Deposits	Yes	Fixed	5			30 June 2018	2	–	–	–	**2**
First National Bank 62630879221		12 Months	Deposits	Yes	Fixed	5			30 June 2018	7	–	–	–	**7**
Municipality sub-total										**9 116**		**(1 699)**	**–**	**8 404**
Entities														
Nedbank Limited 03/7662022900/000001		12 Months	Deposits	Yes	Fixed	6.8			30 June 2018	4	–	–	–	**4**
Nedbank Limited 03/7662022900/000018		12 Months	Deposits	Yes	Fixed	6.8			30 June 2018	34	–	–	–	**34**
Nedbank Limited 03/7662022900/000019		12 Months	Deposits	Yes	Fixed	6.8			30 June 2018	4	–	(7 000)	7 000	**4**
ABSA Bank Limited 9325381089		12 Months	Deposits	Yes	Fixed	6.8			30 June 2018	821	–	(821)	–	**–**
														–
														–
Entities sub-total										**862**		**(7 821)**	**7 000**	**41**
TOTAL INVESTMENTS AND INTEREST	1									**9 978**		**(9 520)**	**7 000**	**8 445**

References

1. Total investments must reconcile to all items in Table SA15 for the Current Year (30 June)

2. List investments in expiry date order

3. If 'variable' is selected in column F, input interest rate range

4. Withdrawals to be entered as negative

check

NC073 Emthanjeni - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)		619	4 702	36 896	–	–	–	11 473	11 025	10 644
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	**619**	**4 702**	**36 896**	**–**	**–**	**–**	**11 473**	**11 025**	**10 644**
Entities										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Borrowing	1	**619**	**4 702**	**36 896**	**–**	**–**	**–**	**11 473**	**11 025**	**10 644**

Unspent Borrowing - Categorised by type										
Parent municipality										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Entities										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Unspent Borrowing	1	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

References

1. Total borrowing must reconcile to Budgeted Financial Position (Borrowing - non-current)

check borrowing balance	–	–	–	–	–	–	–	–	–	–

NC073 Emthanjeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		**39 459**	**38 822**	**39 880**	**43 493**	**43 579**	**43 579**	**47 820**	**49 961**	**53 685**
Local Government Equitable Share		35 929	36 197	37 094	40 793	40 793	40 793	44 900	48 261	51 985
Finance Management		1 600	1 625	1 700	1 700	1 700	1 700	1 700	1 700	1 700
EPWP Incentive		1 000	–	1 086	1 000	1 086	1 086	1 220	–	–
Municipal Systems Improvement		930	1 000	–	–	–	–			
Other transfers/grants [insert description]										
Provincial Government:		**1 142**	**1 161**	**881**	**693**	**693**	**693**	**693**	**823**	**823**
Health subsidy		–	–	–	–	–	–	–	–	–
Housing		–	1 161	–	–	–	–	–	–	–
Sport and Recreation		1 142		881	693	693	693	693	823	823
Other transfers/grants [insert description]										
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Total Operating Transfers and Grants	5	**40 601**	**39 983**	**40 761**	**44 186**	**44 272**	**44 272**	**48 513**	**50 784**	**54 508**
Capital Transfers and Grants										
National Government:		**13 398**	**12 202**	**34 991**	**52 190**	**53 990**	**53 990**	**31 067**	**16 429**	**17 261**
Municipal Infrastructure Grant (MIG)		11 898	9 202	10 292	12 001	12 001	12 001	25 657	12 589	13 211
Regional Bulk Infrastructure		–	3 000	14 000	26 689	26 689	26 689	3 910	–	–
Integrated National Electrification Programme		1 500	–	7 500	4 000	4 000	4 000	1 500	3 840	4 050
				–	–	–	–	–	–	–
				–	–	–	–	–	–	–
Water Infrastructure Grant				3 199	9 500	11 300	11 300	–	–	–
Provincial Government:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other capital transfers/grants [insert description]										
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Total Capital Transfers and Grants	5	**13 398**	**12 202**	**34 991**	**52 190**	**53 990**	**53 990**	**31 067**	**16 429**	**17 261**
TOTAL RECEIPTS OF TRANSFERS & GRANTS		**53 999**	**52 185**	**75 752**	**96 376**	**98 262**	**98 262**	**79 580**	**67 213**	**71 769**

References

1. Each transfer/grant is listed by name as gazetted together with the name of the transferring department or municipality, donor or other organisation

2. Amounts actually RECEIVED; not revenue recognised (objective is to confirm grants transferred)

3. Replacement of RSC levies

4. Housing subsidies for housing where ownership transferred to organisations or persons outside the control of the municipality

5. Total transfers and grants must reconcile to Budgeted Cash Flows

6. Motor vehicle licensing refunds to be included under 'agency' services (Not Grant Receipts)

NC073 Emthanjeni - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		**39 459**	**38 822**	**39 880**	**43 493**	**43 579**	**43 579**	**47 820**	**49 961**	**53 685**
Local Government Equitable Share		35 929	36 197	37 094	40 793	40 793	40 793	44 900	48 261	51 985
Finance Management		1 600	1 625	1 700	1 700	1 700	1 700	1 700	1 700	1 700
EPWP Incentive		1 000	–	1 086	1 000	1 086	1 086	1 220	–	–
Municipal Systems Improvement		930	1 000	–	–	–	–			
Other transfers/grants [insert description]										
Provincial Government:		**1 142**	**1 161**	**881**	**693**	**693**	**693**	**–**	**–**	**–**
Health subsidy		–	–	–	–	–	–	–	–	–
Housing		–	1 161	–	–	–	–	–	–	–
Sport and Recreation		1 142	–	881	693	693	693	–	–	–
					–	–	–	–	–	–
Other transfers/grants [insert description]										
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Total operating expenditure of Transfers and Grants:		**40 601**	**39 983**	**40 761**	**44 186**	**44 272**	**44 272**	**47 820**	**49 961**	**53 685**
Capital expenditure of Transfers and Grants										
National Government:		**13 398**	**12 202**	**34 991**	**43 493**	**53 990**	**53 990**	**31 067**	**16 429**	**17 261**
Municipal Infrastructure Grant (MIG)		11 898	9 202	10 292	40 793	12 001	12 001	25 657	12 589	13 211
Regional Bulk Infrastructure		–	3 000	14 000	1 700	26 689	26 689	3 910	–	–
Integrated National Electrification Programme		1 500	–	7 500	1 000	4 000	4 000	1 500	3 840	4 050
		–	–	–	–	–	–	–	–	–
		–	–	–		–	–	–	–	–
Water Infrastructure Grant		–	–	3 199		11 300	11 300	–	–	–
Provincial Government:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other capital transfers/grants [insert description]										
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Total capital expenditure of Transfers and Grants		**13 398**	**12 202**	**34 991**	**43 493**	**53 990**	**53 990**	**31 067**	**16 429**	**17 261**
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		**53 999**	**52 185**	**75 752**	**87 679**	**98 262**	**98 262**	**78 887**	**66 390**	**70 946**

References

1. Expenditure must be separately listed for each transfer or grant received or recognised

NC073 Emthanjeni - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		39 493	39 060	39 880	43 493	43 579	43 579	47 820	49 961	53 685
Conditions met - transferred to revenue		**39 493**	**39 060**	**39 880**	**43 493**	**43 579**	**43 579**	**47 820**	**49 961**	**53 685**
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts		1 142	1 161	881	693	693	693	–	–	–
Conditions met - transferred to revenue		**1 142**	**1 161**	**881**	**693**	**693**	**693**	**–**	**–**	**–**
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		**40 635**	**40 221**	**40 761**	**44 186**	**44 272**	**44 272**	**47 820**	**49 961**	**53 685**
Total operating transfers and grants - CTBM	2	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		10 195	10 478	34 991	52 190	53 990	53 990	31 067	16 429	17 261
Conditions met - transferred to revenue		**10 195**	**10 478**	**34 991**	**52 190**	**53 990**	**53 990**	**31 067**	**16 429**	**17 261**
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		**10 195**	**10 478**	**34 991**	**52 190**	**53 990**	**53 990**	**31 067**	**16 429**	**17 261**
Total capital transfers and grants - CTBM	2	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL TRANSFERS AND GRANTS REVENUE		**50 830**	**50 699**	**75 752**	**96 376**	**98 262**	**98 262**	**78 887**	**66 390**	**70 946**
TOTAL TRANSFERS AND GRANTS - CTBM		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

References

1. Total capital transfers and grants revenue must reconcile to Budgeted Financial Performance and Financial Position; total recurrent grants revenue must reconcile to Budgeted Financial Performance

2. CTBM = conditions to be met

3. National Treasury database will require this reconciliation for each transfer/grant

Check opex	–	–	1 652	–	86	86	(1 976)	(1 452)	(1 484)
Check capex	–	–	4 187	–	1 800	1 800	1 283	(0)	–

NC073 Emthanjeni - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash Transfers to other municipalities											
Insert description	1										
Total Cash Transfers To Municipalities:		–	–	–	–	–	–	–	–	–	–
Cash Transfers to Entities/Other External Mechanisms											
Insert description	2										
Total Cash Transfers To Entities/Ems'		–	–	–	–	–	–	–	–	–	–
Cash Transfers to other Organs of State											
Insert description	3								1 220	1 293	1 371
Total Cash Transfers To Other Organs Of State:		–	–	–	–	–	–	–	**1 220**	**1 293**	**1 371**
Cash Transfers to Organisations											
Insert description											
Total Cash Transfers To Organisations		–	–	–	–	–	–	–	–	–	–
Cash Transfers to Groups of Individuals											
Insert description											
Total Cash Transfers To Groups Of Individuals:		–	–	–	–	–	–	–	–	–	–
TOTAL CASH TRANSFERS AND GRANTS	6	–	–	–	–	–	–	–	**1 220**	**1 293**	**1 371**
Non-Cash Transfers to other municipalities											
Insert description	1										
Total Non-Cash Transfers To Municipalities:		–	–	–	–	–	–	–	–	–	–
Non-Cash Transfers to Entities/Other External Mechanisms											
Insert description	2										
Total Non-Cash Transfers To Entities/Ems'		–	–	–	–	–	–	–	–	–	–
Non-Cash Transfers to other Organs of State											
Insert description	3								693	823	823
Total Non-Cash Transfers To Other Organs Of State:		–	–	–	–	–	–	–	**693**	**823**	**823**
Non-Cash Grants to Organisations											
Insert description	4										
Total Non-Cash Grants To Organisations		–	–	–	–	–	–	–	–	–	–
Groups of Individuals											
Insert description	5										
Total Non-Cash Grants To Groups Of Individuals:		–	–	–	–	–	–	–	–	–	–
TOTAL NON-CASH TRANSFERS AND GRANTS		–	–	–	–	–	–	–	**693**	**823**	**823**
TOTAL TRANSFERS AND GRANTS	6	–	–	–	–	–	–	–	**1 913**	**2 116**	**2 194**

References

1. Insert description listed by municipal name and demarcation code of recipient

2. Insert description of each entity or external mechanism (an external mechanism may be provided with resources to ensure a minimum level of service)

3. Insert description of each Organ of State (e.g. transfer to electricity provider to compensate for FBS provided)

4. Insert description of each other organisation (e.g. charity)

5 Insert description of each other organisation (e.g. the aged, child-headed households)

6. All descriptions should separate transfers for 'capital purposes' and 'operating purposes'

NC073 Emthanjeni - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue Framework	
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21
	1	A	B	C	D	E	F	G	H
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages		2 991	3 320	3 810	3 840	3 840	3 840	4 109	4 397
Pension and UIF Contributions		–	–	–	–	–	–	–	–
Medical Aid Contributions		–	–	–	–	–	–	–	–
Motor Vehicle Allowance		1 051	1 034	1 096	1 381	1 381	1 381	1 464	1 535
Cellphone Allowance		313	392	416	564	564	564	603	646
Housing Allowances		–	–	–	–	–	–	–	
Other benefits and allowances		47	13	13	55	55	55	59	63
Sub Total - Councillors		**4 401**	**4 759**	**5 335**	**5 840**	**5 840**	**5 840**	**6 235**	**6 641**
% increase	4		**8.1%**	**12.1%**	**9.5%**	**–**	**–**	**6.8%**	**6.5%**
Senior Managers of the Municipality	2								
Basic Salaries and Wages		4 442	4 019	4 300	4 259	4 259	4 259	4 557	4 876
Pension and UIF Contributions		608	542	580	616	616	616	659	705
Medical Aid Contributions		110	96	102	74	74	74	79	85
Overtime		–	–	–	–	–	–	–	–
Performance Bonus		–	–	–	–	–	–	–	–
Motor Vehicle Allowance	3	814	831	889	770	770	770	824	881
Cellphone Allowance	3	155	159	170	305	305	305	327	350
Housing Allowances	3	–	–	–	–	–	–	–	–
Other benefits and allowances	3	240	245	263	76	76	76	82	87
Payments in lieu of leave		–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality		**6 370**	**5 891**	**6 304**	**6 100**	**6 100**	**6 100**	**6 527**	**6 984**
% increase	4		**(7.5%)**	**7.0%**	**(3.2%)**	**–**	**–**	**7.0%**	**7.0%**
Other Municipal Staff									
Basic Salaries and Wages		47 828	46 335	53 210	56 858	56 858	56 858	60 757	64 570
Pension and UIF Contributions		8 057	7 806	8 352	11 865	11 865	11 865	12 695	13 584
Medical Aid Contributions		1 614	1 564	1 673	2 042	2 042	2 042	2 185	2 338
Overtime		2 006	1 944	2 080	1 334	1 334	1 334	1 427	1 527
Performance Bonus		–	–	–	–	–	–	–	–
Motor Vehicle Allowance	3	1 050	1 017	1 088	1 882	1 882	1 882	2 013	2 154
Cellphone Allowance	3	207	200	214	232	232	232	249	266
Housing Allowances	3	733	710	760	863	863	863	923	988
Other benefits and allowances	3	3 063	2 967	3 175	1 073	1 073	1 073	1 148	1 229
Payments in lieu of leave		–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	56	54	58	42	42	42	44	48
Sub Total - Other Municipal Staff		**64 614**	**62 598**	**70 611**	**76 190**	**76 190**	**76 190**	**81 442**	**86 703**
% increase	4		**(3.1%)**	**12.8%**	**7.9%**	**–**	**–**	**6.9%**	**6.5%**
Total Parent Municipality		**75 386**	**73 249**	**82 250**	**88 131**	**88 131**	**88 131**	**94 205**	**100 328**
			(2.8%)	**12.3%**	**7.2%**	**–**	**–**	**6.9%**	**6.5%**
Board Members of Entities									
Basic Salaries and Wages									
Pension and UIF Contributions									
Medical Aid Contributions									
Overtime									
Performance Bonus									
Motor Vehicle Allowance	3								
Cellphone Allowance	3								
Housing Allowances	3								
Other benefits and allowances	3								
Board Fees									
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations	6								
Sub Total - Board Members of Entities		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
% increase	4		**–**	**–**	**–**	**–**	**–**	**–**	**–**

Senior Managers of Entities									
Basic Salaries and Wages									
Pension and UIF Contributions									
Medical Aid Contributions									
Overtime									
Performance Bonus									
Motor Vehicle Allowance	3								
Cellphone Allowance	3								
Housing Allowances	3								
Other benefits and allowances	3								
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations	6								
Sub Total - Senior Managers of Entities		–	–	–	–	–	–	–	–
% increase	4		–	–	–	–	–	–	–
Other Staff of Entities									
Basic Salaries and Wages									
Pension and UIF Contributions									
Medical Aid Contributions									
Overtime									
Performance Bonus									
Motor Vehicle Allowance	3								
Cellphone Allowance	3								
Housing Allowances	3								
Other benefits and allowances	3								
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations	6								
Sub Total - Other Staff of Entities		–	–	–	–	–	–	–	–
% increase	4		–	–	–	–	–	–	–
Total Municipal Entities		–	–	–	–	–	–	–	–
TOTAL SALARY, ALLOWANCES & BENEFITS		**75 386**	**73 249**	**82 250**	**88 131**	**88 131**	**88 131**	**94 205**	**100 328**
% increase	4		**(2.8%)**	**12.3%**	**7.2%**	**–**	**–**	**6.9%**	**6.5%**
TOTAL MANAGERS AND STAFF	5,7	**70 984**	**68 489**	**76 915**	**82 291**	**82 291**	**82 291**	**87 969**	**93 687**

References

1. Include 'Loans and advances' where applicable if any reportable amounts until phased compliance with s164 of MFMA achieved

2. s57 of the Systems Act

3. In kind benefits (e.g. provision of living quarters) must be shown as the cost (full market value) to the municipality, as part of the relevant allowance

4. B/A, C/B, D/C, E/C, F/C, G/D, H/D, I/D

5. Must agree to the sub-total appearing on Table A1 (Employee costs)

6. Includes pension payments and employer contributions to medical aid

7. Correct as at 30 June

Column Definitions:

A, B and C. Audited actual as per the audited financial statements. If audited amounts are unavailable, unaudited amounts must be provided with a note stating these are unaudited

D. The original budget approved by council for the budget year.

E. The budget for the budget year as adjusted by council resolution in terms of section 28 of the MFMA.

F. An estimate of final actual amounts (pre audit) for the current year at the point in time of preparing the budget for the budget year. This may differ from E.

G. The amount to be appropriated for the budget year.

H and I. The indicative projection

& Expenditure
Budget Year +2 2021/22
4 705
–
–
1 610
691
67
7 072
6.5%
5 218
754
91
–
–
943
374
–
94
–
–
–
7 473
7.0%
68 621
14 535
2 502
1 634
–
2 305
285
1 057
1 315
–
–
51
92 304
6.5%
106 849
6.5%
–
–

–
–
–
–
–
106 849
6.5%
99 777

NC073 Emthanjeni - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1. Rand per annum	Ref	No.	Salary	Contributions 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
Councillors	3							
Speaker	4	1	545 659	5 153	238 626			789 438
Chief Whip			–	–	–			–
Executive Mayor		1	665 272	5 950	278 497			949 719
Deputy Executive Mayor				–	–			–
Executive Committee		3	851 378	11 049	421 944			1 284 371
Total for all other councillors		10	2 046 859	32 655	1 132 252			3 211 766
Total Councillors	8	**15**	**4 109 168**	**54 807**	**2 071 320**			**6 235 295**
Senior Managers of the Municipality	5							
Municipal Manager (MM)		1	963 777	174 976	484 914			1 623 667
Chief Finance Officer		1	996 667	23 577	266 541			1 286 785
Director Corporate Services		1	831 307	198 512	159 598			1 189 417
Director Infrastructural Services		1	896 817	159 693	67 838			1 124 348
Director Community Services		1	868 669	181 298	253 184			1 303 151
								–
List of each offical with packages >= senior manager								
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
Total Senior Managers of the Municipality	8,10	**5**	**4 557 239**	**738 055**	**1 232 075**	**–**		**6 527 369**
A Heading for Each Entity	6,7							
List each member of board by designation								
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
Total for municipal entities	8,10	**–**	**–**	**–**	**–**	**–**		**–**
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	**20**	**8 666 407**	**792 862**	**3 303 395**	**–**		**12 762 665**

References

1. Pension and medical aid

2. Total package must equal the total cost to the municipality

3. List each political office bearer by designation. Provide a total for all other councillors

4. Political office bearer is defined in MFMA s 1: speaker, executive mayor, deputy executive mayor, member of executive committee, mayor, deputy mayor, member of mayoral committee, the councillor designated to exercise powers and duties of mayor (MSA s 57)

5. Also list each senior manager reporting to MM by designation and each official with package >= senior manager by designation

6. List each entity where municipality has an interest and state percentage ownership and control

7. List each senior manager reporting to the CEO of an Entity by designation

8. Must reconcile to relevant section of Table SA24

9. Must reconcile to totals shown for the budget year of Table SA22

10. Correct as at 30 June

NC073 Emthanjeni - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2017/18			Current Year 2018/19			Budget Year 2019/20		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		14	2	12	14	2	12	14	2	12
Board Members of municipal entities	4	–	–	–	–	–	–	–	–	–
Municipal employees	5	–	–	–	–	–	–	–	–	–
Municipal Manager and Senior Managers	3	5	–	5	5	3	2	5	4	1
Other Managers	7	7	6	1	9	8	1	9	9	–
Professionals		*6*	*6*	–	*6*	*6*	–	*6*	*6*	–
Finance		4	4	–	4	4	–	4	4	–
Spatial/town planning		–	–	–	–	–	–	–	–	–
Information Technology		1	1	–	1	1	–	1	1	–
Roads		–	–	–	–	–	–	–	–	–
Electricity		1	1	–	1	1	–	1	1	–
Water			–	–		–	–		–	–
Sanitation		–	–	–	–	–	–	–	–	–
Refuse		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Technicians		*33*	*31*	*2*	*33*	*31*	*2*	*33*	*31*	*2*
Finance		5	3	2	5	3	2	5	3	2
Spatial/town planning		–	–	–	–	–	–	–	–	–
Information Technology		–	–	–	–	–	–	–	–	–
Roads		3	3	–	3	3	–	3	3	–
Electricity		6	6		6	6		6	6	
Water		2	2	–	2	2	–	2	2	–
Sanitation		–	–	–	–	–	–	–	–	–
Refuse		–	–	–	–	–	–	–	–	–
Other		17	17	–	17	17	–	17	17	–
Clerks (Clerical and administrative)		138	136	2	138	136	2	138	136	2
Service and sales workers		–	–	–	–	–	–	–	–	–
Skilled agricultural and fishery workers		–	–	–	–	–	–	–	–	–
Craft and related trades		45	45	–	45	45	–	45	45	–
Plant and Machine Operators		40	40	–	40	40	–	40	40	–
Elementary Occupations		170	169	10	170	169	10	170	169	10
TOTAL PERSONNEL NUMBERS	9	**458**	**435**	**32**	**460**	**440**	**29**	**460**	**442**	**27**
% increase					0.4%	1.1%	(9.4%)	–	0.5%	(6.9%)
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

References

1. Positions must be funded and aligned to the municipality's current organisational structure

2. Full Time Equivalent (FTE). E.g. One full time person = 1FTE. A person working half time (say 4 hours out of 8) = 0.5FTE.

3. s57 of the Systems Act

4. Include only in Consolidated Statements

5. Include municipal entity employees in Consolidated Statements

6. Include headcount (number fo persons, Not FTE) of managers and staff only (exclude councillors)

7. Managers who provide the direction of a critical technical function

8. Total number of employees working on these functions

NC073 Emthanjeni - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source																
Property rates		2 587	2 587	2 587	2 587	2 587	2 587	2 587	2 587	2 587	2 587	2 587	3 716	32 175	34 106	36 152
Service charges - electricity revenue		4 959	4 959	4 959	4 959	4 959	4 959	4 959	4 959	4 959	4 959	4 959	35 037	89 587	94 863	100 661
Service charges - water revenue		2 656	2 656	2 656	2 656	2 656	2 656	2 656	2 656	2 656	2 656	2 656	6 730	35 941	37 966	40 095
Service charges - sanitation revenue		1 619	1 619	1 619	1 619	1 619	1 619	1 619	1 619	1 619	1 619	1 619	2 617	20 431	21 554	22 730
Service charges - refuse revenue		929	929	929	929	929	929	929	929	929	929	929	1 496	11 716	12 359	13 029
Rental of facilities and equipment		74	74	74	74	74	74	74	74	74	74	74	261	1 078	1 152	1 230
Interest earned - external investments		88	88	88	88	88	88	88	88	88	88	88	1 088	2 056	2 200	2 354
Interest earned - outstanding debtors		119	119	119	119	119	119	119	119	119	119	119	119	1 428	1 528	1 635
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		335	335	335	335	335	335	335	335	335	335	335	911	4 598	4 920	5 264
Licences and permits		188	188	188	188	188	188	188	188	188	188	188	191	2 259	2 417	2 586
Agency services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		3 985	3 985	3 985	3 985	3 985	3 985	3 985	3 985	3 985	3 985	3 985	5 961	49 796	51 413	55 169
Other revenue		2 491	2 491	2 491	2 491	2 491	2 491	2 491	2 491	2 491	2 491	2 491	(26 029)	1 369	1 450	1 538
Gains on disposal of PPE		17	17	17	17	17	17	17	17	17	17	17	(183)	–	–	–
Total Revenue (excluding capital transfers and contribution		**20 047**	**20 047**	**20 047**	**20 047**	**20 047**	**20 047**	**20 047**	**20 047**	**20 047**	**20 047**	**20 047**	**31 914**	**252 434**	**265 929**	**282 443**
Expenditure By Type																
Employee related costs		7 331	7 331	7 331	7 331	7 331	7 331	7 331	7 331	7 331	7 331	7 331	8 569	89 208	95 009	101 143
Remuneration of councillors		520	520	520	520	520	520	520	520	520	520	520	915	6 631	6 976	7 078
Debt impairment		618	618	618	618	618	618	618	618	618	618	618	618	7 421	7 866	8 378
Depreciation & asset impairment		848	848	848	848	848	848	848	848	848	848	848	848	10 175	10 785	11 369
Finance charges		170	170	170	170	170	170	170	170	170	170	170	170	2 038	1 915	1 478
Bulk purchases		5 779	5 779	5 779	5 779	5 779	5 779	5 779	5 779	5 779	5 779	5 779	10 757	74 329	79 532	85 099
Other materials		1 215	1 215	1 215	1 215	1 215	1 215	1 215	1 215	1 215	1 215	1 215	(2 644)	10 716	11 181	11 754
Contracted services		1 060	1 060	1 060	1 060	1 060	1 060	1 060	1 060	1 060	1 060	1 060	8 563	20 227	20 030	20 373
Transfers and subsidies		–	–	–	–	–	–	–	–	–	–	–	1 913	1 913	2 116	2 194
Other expenditure		3 408	3 408	3 408	3 408	3 408	3 408	3 408	3 408	3 408	3 408	3 408	(14 998)	22 492	20 305	22 068
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**14 712**	**245 151**	**255 715**	**270 934**
Surplus/(Deficit)		**(902)**	**(902)**	**(902)**	**(902)**	**(902)**	**(902)**	**(902)**	**(902)**	**(902)**	**(902)**	**(902)**	**17 202**	**7 283**	**10 213**	**11 509**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		2 589	2 589	2 589	2 589	2 589	2 589	2 589	2 589	2 589	2 589	2 589	1 306	29 784	16 429	17 261
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**18 508**	**37 068**	**26 642**	**28 770**
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**18 508**	**37 068**	**26 642**	**28 770**

References

1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

NC073 Emthanjeni - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote																
Vote 1 - EXECUTIVE AND COUNCIL		413	413	413	413	413	413	413	413	413	413	413	413	4 955	5 307	5 694
Vote 2 - FINANCE AND ADMINISTRATION		4 416	4 416	4 416	4 416	4 416	4 416	4 416	4 416	4 416	4 416	4 416	6 544	55 120	58 628	62 417
Vote 3 - PLANNING AND DEVELOPMENT		2 240	2 240	2 240	2 240	2 240	2 240	2 240	2 240	2 240	2 240	2 240	(22 134)	2 503	–	–
Vote 4 - HEALTH		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 5 - COMMUNITY AND SOCIAL SERVICES		76	76	76	76	76	76	76	76	76	76	76	769	1 602	1 794	1 862
Vote 6 - PUBLIC SAFETY		454	454	454	454	454	454	454	454	454	454	454	1 350	6 349	6 793	7 268
Vote 7 - SPORT AND RECREATION		15	15	15	15	15	15	15	15	15	15	15	11 956	12 126	198	212
Vote 8 - ROAD TRANSPORT		45	45	45	45	45	45	45	45	45	45	45	45	540	578	619
Vote 9 - OTHER		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - HOUSING SERVICES		4	4	4	4	4	4	4	4	4	4	4	4	49	52	55
Vote 11 - WASTE MANAGEMENT		1 427	1 427	1 427	1 427	1 427	1 427	1 427	1 427	1 427	1 427	1 427	1 994	17 690	18 780	19 944
Vote 12 - WASTE WATER MANAGEMENT		2 423	2 423	2 423	2 423	2 423	2 423	2 423	2 423	2 423	2 423	2 423	18 272	44 927	31 896	33 866
Vote 13 - ELECTRICITY		7 439	7 439	7 439	7 439	7 439	7 439	7 439	7 439	7 439	7 439	7 439	13 471	95 304	114 872	121 758
Vote 14 - WATER		3 683	3 683	3 683	3 683	3 683	3 683	3 683	3 683	3 683	3 683	3 683	535	41 053	43 459	46 009
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue by Vote		**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**33 221**	**282 218**	**282 358**	**299 704**
Expenditure by Vote to be appropriated																
Vote 1 - EXECUTIVE AND COUNCIL		1 422	1 422	1 422	1 422	1 422	1 422	1 422	1 422	1 422	1 422	1 422	1 371	17 008	17 970	18 597
Vote 2 - FINANCE AND ADMINISTRATION		3 294	3 294	3 294	3 294	3 294	3 294	3 294	3 294	3 294	3 294	3 294	2 562	38 797	39 891	41 626
Vote 3 - PLANNING AND DEVELOPMENT		1 198	1 198	1 198	1 198	1 198	1 198	1 198	1 198	1 198	1 198	1 198	1 010	14 189	14 870	15 609
Vote 4 - HEALTH		14	14	14	14	14	14	14	14	14	14	14	12	165	175	185
Vote 5 - COMMUNITY AND SOCIAL SERVICES		1 131	1 131	1 131	1 131	1 131	1 131	1 131	1 131	1 131	1 131	1 131	1 656	14 102	15 061	15 961
Vote 6 - PUBLIC SAFETY		835	835	835	835	835	835	835	835	835	835	835	731	9 913	10 533	11 127
Vote 7 - SPORT AND RECREATION		462	462	462	462	462	462	462	462	462	462	462	(123)	4 959	5 278	5 618
Vote 8 - ROAD TRANSPORT		1 530	1 530	1 530	1 530	1 530	1 530	1 530	1 530	1 530	1 530	1 530	(339)	16 489	17 521	18 622
Vote 9 - OTHER		48	48	48	48	48	48	48	48	48	48	48	(39)	483	514	547
Vote 10 - HOUSING SERVICES		211	211	211	211	211	211	211	211	211	211	211	159	2 475	2 632	2 802
Vote 11 - WASTE MANAGEMENT		1 134	1 134	1 134	1 134	1 134	1 134	1 134	1 134	1 134	1 134	1 134	(689)	11 781	12 530	13 331
Vote 12 - WASTE WATER MANAGEMENT		1 193	1 193	1 193	1 193	1 193	1 193	1 193	1 193	1 193	1 193	1 193	(1 220)	11 906	11 054	11 520
Vote 13 - ELECTRICITY		7 083	7 083	7 083	7 083	7 083	7 083	7 083	7 083	7 083	7 083	7 083	10 264	88 174	92 054	98 877
Vote 14 - WATER		1 395	1 395	1 395	1 395	1 395	1 395	1 395	1 395	1 395	1 395	1 395	(642)	14 707	15 633	16 513
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure by Vote		**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**14 712**	**245 151**	**255 715**	**270 934**
Surplus/(Deficit) before assoc.		**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**18 508**	**37 068**	**26 642**	**28 770**
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**18 508**	**37 068**	**26 642**	**28 770**

References

1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

NC073 Emthanjeni - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional																
Governance and administration		**4 829**	**4 829**	**4 829**	**4 829**	**4 829**	**4 829**	**4 829**	**4 829**	**4 829**	**4 829**	**4 829**	**6 957**	**60 075**	**63 935**	**68 110**
Executive and council		413	413	413	413	413	413	413	413	413	413	413	413	4 955	5 307	5 694
Finance and administration		4 416	4 416	4 416	4 416	4 416	4 416	4 416	4 416	4 416	4 416	4 416	6 544	55 120	58 628	62 417
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety		**550**	**550**	**550**	**550**	**550**	**550**	**550**	**550**	**550**	**550**	**550**	**14 080**	**20 125**	**8 837**	**9 397**
Community and social services		76	76	76	76	76	76	76	76	76	76	76	769	1 602	1 794	1 862
Sport and recreation		15	15	15	15	15	15	15	15	15	15	15	11 956	12 126	198	212
Public safety		454	454	454	454	454	454	454	454	454	454	454	1 350	6 349	6 793	7 268
Housing		4	4	4	4	4	4	4	4	4	4	4	4	49	52	55
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**2 285**	**2 285**	**2 285**	**2 285**	**2 285**	**2 285**	**2 285**	**2 285**	**2 285**	**2 285**	**2 285**	**(22 089)**	**3 043**	**578**	**619**
Planning and development		2 240	2 240	2 240	2 240	2 240	2 240	2 240	2 240	2 240	2 240	2 240	(22 134)	2 503	–	–
Road transport		45	45	45	45	45	45	45	45	45	45	45	45	540	578	619
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		**14 973**	**14 973**	**14 973**	**14 973**	**14 973**	**14 973**	**14 973**	**14 973**	**14 973**	**14 973**	**14 973**	**34 273**	**198 975**	**209 007**	**221 578**
Energy sources		7 439	7 439	7 439	7 439	7 439	7 439	7 439	7 439	7 439	7 439	7 439	13 471	95 304	114 872	121 758
Water management		3 683	3 683	3 683	3 683	3 683	3 683	3 683	3 683	3 683	3 683	3 683	535	41 053	43 459	46 009
Waste water management		2 423	2 423	2 423	2 423	2 423	2 423	2 423	2 423	2 423	2 423	2 423	18 272	44 927	31 896	33 866
Waste management		1 427	1 427	1 427	1 427	1 427	1 427	1 427	1 427	1 427	1 427	1 427	1 994	17 690	18 780	19 944
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue - Functional		**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**22 636**	**33 221**	**282 218**	**282 358**	**299 704**
Expenditure - Functional																
Governance and administration		**4 716**	**4 716**	**4 716**	**4 716**	**4 716**	**4 716**	**4 716**	**4 716**	**4 716**	**4 716**	**4 716**	**3 933**	**55 806**	**57 861**	**60 223**
Executive and council		1 347	1 347	1 347	1 347	1 347	1 347	1 347	1 347	1 347	1 347	1 347	1 296	16 109	17 014	17 582
Finance and administration		3 294	3 294	3 294	3 294	3 294	3 294	3 294	3 294	3 294	3 294	3 294	2 562	38 797	39 891	41 626
Internal audit		75	75	75	75	75	75	75	75	75	75	75	75	899	956	1 015
Community and public safety		**2 653**	**2 653**	**2 653**	**2 653**	**2 653**	**2 653**	**2 653**	**2 653**	**2 653**	**2 653**	**2 653**	**2 435**	**31 614**	**33 679**	**35 693**
Community and social services		1 131	1 131	1 131	1 131	1 131	1 131	1 131	1 131	1 131	1 131	1 131	1 656	14 102	15 061	15 961
Sport and recreation		462	462	462	462	462	462	462	462	462	462	462	(123)	4 959	5 278	5 618
Public safety		835	835	835	835	835	835	835	835	835	835	835	731	9 913	10 533	11 127
Housing		211	211	211	211	211	211	211	211	211	211	211	159	2 475	2 632	2 802
Health		14	14	14	14	14	14	14	14	14	14	14	12	165	175	185
Economic and environmental services		**2 728**	**2 728**	**2 728**	**2 728**	**2 728**	**2 728**	**2 728**	**2 728**	**2 728**	**2 728**	**2 728**	**671**	**30 679**	**32 391**	**34 231**
Planning and development		1 198	1 198	1 198	1 198	1 198	1 198	1 198	1 198	1 198	1 198	1 198	1 010	14 189	14 870	15 609
Road transport		1 530	1 530	1 530	1 530	1 530	1 530	1 530	1 530	1 530	1 530	1 530	(339)	16 489	17 521	18 622
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		**10 805**	**10 805**	**10 805**	**10 805**	**10 805**	**10 805**	**10 805**	**10 805**	**10 805**	**10 805**	**10 805**	**7 713**	**126 569**	**131 271**	**140 241**
Energy sources		7 083	7 083	7 083	7 083	7 083	7 083	7 083	7 083	7 083	7 083	7 083	10 264	88 174	92 054	98 877
Water management		1 395	1 395	1 395	1 395	1 395	1 395	1 395	1 395	1 395	1 395	1 395	(642)	14 707	15 633	16 513
Waste water management		1 193	1 193	1 193	1 193	1 193	1 193	1 193	1 193	1 193	1 193	1 193	(1 220)	11 906	11 054	11 520
Waste management		1 134	1 134	1 134	1 134	1 134	1 134	1 134	1 134	1 134	1 134	1 134	(689)	11 781	12 530	13 331
Other		48	48	48	**48**	**48**	**48**	**48**	**48**	**48**	**48**	**48**	**(39)**	**483**	**514**	**547**
Total Expenditure - Functional		**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**20 949**	**14 712**	**245 151**	**255 715**	**270 934**
Surplus/(Deficit) before assoc.		**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**18 508**	**37 068**	**26 642**	**28 770**
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**1 687**	**18 508**	**37 068**	**26 642**	**28 770**

References

1. Surplus (Deficit) must reconcile with Budeted Financial Performance

NC073 Emthanjeni - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Multi-year expenditure ***to be appropriated***	1															
Vote 1 - EXECUTIVE AND COUNCIL		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 2 - FINANCE AND ADMINISTRATION		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 3 - PLANNING AND DEVELOPMENT		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 4 - HEALTH		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 5 - COMMUNITY AND SOCIAL SERVICES		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 6 - PUBLIC SAFETY		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 7 - SPORT AND RECREATION		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 8 - ROAD TRANSPORT		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 9 - OTHER		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - HOUSING SERVICES		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - WASTE MANAGEMENT		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 12 - WASTE WATER MANAGEMENT		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - ELECTRICITY		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 14 - WATER		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	2	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Single-year expenditure ***to be appropriated***																
Vote 1 - EXECUTIVE AND COUNCIL		136	136	136	136	136	136	136	136	136	136	136	136	1 631	1 729	1 833
Vote 2 - FINANCE AND ADMINISTRATION		67	67	67	67	67	67	67	67	67	67	67	67	809	858	909
Vote 3 - PLANNING AND DEVELOPMENT		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 4 - HEALTH		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 5 - COMMUNITY AND SOCIAL SERVICES		6	6	6	6	6	6	6	6	6	6	6	6	69	73	78
Vote 6 - PUBLIC SAFETY		3	3	3	3	3	3	3	3	3	3	3	3	30	32	34
Vote 7 - SPORT AND RECREATION		3	3	3	3	3	3	3	3	3	3	3	3	34	36	38
Vote 8 - ROAD TRANSPORT		2 346	2 346	2 346	2 346	2 346	2 346	2 346	2 346	2 346	2 346	2 346	14 800	40 609	15 709	16 518
Vote 9 - OTHER		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - HOUSING SERVICES		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - WASTE MANAGEMENT		1	1	1	1	1	1	1	1	1	1	1	1	9	10	10
Vote 12 - WASTE WATER MANAGEMENT		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - ELECTRICITY		148	148	148	148	148	148	148	148	148	148	148	148	1 770	4 126	4 353
Vote 14 - WATER		326	326	326	326	326	326	326	326	326	326	326	326	3 910	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total	2	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**15 489**	**48 873**	**22 573**	**23 774**
Total Capital Expenditure	2	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**3 035**	**15 489**	**48 873**	**22 573**	**23 774**

References

1. Table should be completed as either Multi-Year expenditure appropriation or Budget Year and Forward Year estimates

2. Total Capital Expenditure must reconcile to Budgeted Capital Expenditure

NC073 Emthanjeni - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital Expenditure - Functional	1															
Governance and administration		**278**	**278**	**278**	**278**	**278**	**278**	**278**	**278**	**278**	**278**	**278**	**(622)**	**2 441**	**2 587**	**2 742**
Executive and council		136	136	136	136	136	136	136	136	136	136	136	136	1 631	1 729	1 833
Finance and administration		142	142	142	142	142	142	142	142	142	142	142	(758)	809	858	909
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety		**111**	**111**	**111**	**111**	**111**	**111**	**111**	**111**	**111**	**111**	**111**	**(1 089)**	**134**	**142**	**150**
Community and social services		106	106	106	106	106	106	106	106	106	106	106	(1 094)	69	73	78
Sport and recreation		3	3	3	3	3	3	3	3	3	3	3	3	34	36	38
Public safety		3	3	3	3	3	3	3	3	3	3	3	3	30	32	34
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**2 513**	**2 513**	**2 513**	**2 513**	**2 513**	**2 513**	**2 513**	**2 513**	**2 513**	**2 513**	**2 513**	**12 967**	**40 609**	**15 709**	**16 518**
Planning and development		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Road transport		2 513	2 513	2 513	2 513	2 513	2 513	2 513	2 513	2 513	2 513	2 513	12 967	40 609	15 709	16 518
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		**1 132**	**1 132**	**1 132**	**1 132**	**1 132**	**1 132**	**1 132**	**1 132**	**1 132**	**1 132**	**1 132**	**(6 768)**	**5 689**	**4 136**	**4 363**
Energy sources		314	314	314	314	314	314	314	314	314	314	314	(1 686)	1 770	4 126	4 353
Water management		576	576	576	576	576	576	576	576	576	576	576	(2 424)	3 910	–	–
Waste water management		58	58	58	58	58	58	58	58	58	58	58	(642)	–	–	–
Waste management		184	184	184	184	184	184	184	184	184	184	184	(2 016)	9	10	10
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	2	**4 035**	**4 035**	**4 035**	**4 035**	**4 035**	**4 035**	**4 035**	**4 035**	**4 035**	**4 035**	**4 035**	**4 489**	**48 873**	**22 573**	**23 774**
Funded by:																
National Government		2 589	2 589	2 589	2 589	2 589	2 589	2 589	2 589	2 589	2 589	2 589	**1 306**	**29 784**	**16 429**	**17 261**
Provincial Government		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital		**2 589**	**2 589**	**2 589**	**2 589**	**2 589**	**2 589**	**2 589**	**2 589**	**2 589**	**2 589**	**2 589**	**1 306**	**29 784**	**16 429**	**17 261**
Borrowing		1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	1 000	12 000	–	–
Internally generated funds		446	446	446	446	446	446	446	446	446	446	446	2 183	7 088	6 144	6 513
Total Capital Funding		**4 035**	**4 035**	**4 035**	**4 035**	**4 035**	**4 035**	**4 035**	**4 035**	**4 035**	**4 035**	4 035	4 489	48 873	22 573	23 774

References

1. Table should be completed as either Multi-Year expenditure appropriation or Budget Year and Forward Year estimates

2. Total Capital Expenditure must reconcile to Budgeted Capital Expenditure

check

NC073 Emthanjeni - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash Receipts By Source													1		
Property rates	2 329	2 329	2 329	2 329	2 329	2 329	2 329	2 329	2 329	2 329	2 329	4 309	29 923	28 990	30 729
Service charges - electricity revenue	4 562	4 562	4 562	4 562	4 562	4 562	4 562	4 562	4 562	4 562	4 562	31 125	81 312	85 377	90 595
Service charges - water revenue	2 470	2 470	2 470	2 470	2 470	2 470	2 470	2 470	2 470	2 470	2 470	5 540	32 706	34 929	36 086
Service charges - sanitation revenue	1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	1 425	2 507	18 184	18 106	19 320
Service charges - refuse revenue	808	808	808	808	808	808	808	808	808	808	808	1 419	10 310	9 269	9 772
Rental of facilities and equipment	69	69	69	69	69	69	69	69	69	69	69	244	1 008	1 077	1 150
Interest earned - external investments	88	88	88	88	88	88	88	88	88	88	88	1 088	2 056	2 200	2 354
Interest earned - outstanding debtors	–	–	–	–	–	–	–	–	–	–	–	–			
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–			
Fines, penalties and forfeits	303	303	303	303	303	303	303	303	303	303	303	824	4 161	4 453	4 764
Licences and permits	150	150	150	150	150	150	150	150	150	150	150	153	1 807	1 909	2 069
Agency services	–	–	–	–	–	–	–	–	–	–	–	–			
Transfer receipts - operational	3 985	3 985	3 985	3 985	3 985	3 985	3 985	3 985	3 985	3 985	3 985	5 961	49 796	51 413	55 169
Other revenue	110	110	110	110	110	110	110	110	110	110	110	109	1 314	1 305	1 384
Cash Receipts by Source	**16 300**	**16 300**	**16 300**	**16 300**	**16 300**	**16 300**	**16 300**	**16 300**	**16 300**	**16 300**	**16 300**	**53 280**	**232 577**	**239 028**	**253 392**
Other Cash Flows by Source															
Transfer receipts - capital	2 589	2 589	2 589	2 589	2 589	2 589	2 589	2 589	2 589	2 589	2 589	1 306	29 784	16 429	17 261
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–	–	–	–	–	–			
Proceeds on disposal of PPE	17	17	17	17	17	17	17	17	17	17	17	17	200	200	200
Short term loans	–	–	–	–	–	–	–	–	–	–	–	–			
Borrowing long term/refinancing	–	12 000	–	–	–	–	–	–	–	–	–	–	12 000		
Increase (decrease) in consumer deposits	2	2	2	2	2	2	2	2	2	2	2	2	28	15	20
Decrease (Increase) in non-current debtors	–	–	–	–	–	–	–	–	–	–	–	–			
Decrease (increase) other non-current receivables	–	–	–	–	–	–	–	–	–	–	–	–			
Decrease (increase) in non-current investments	–	–	–	–	–	–	–	–	–	–	–	–			
Total Cash Receipts by Source	**18 908**	**30 908**	**18 908**	**18 908**	**18 908**	**18 908**	**18 908**	**18 908**	**18 908**	**18 908**	**18 908**	**54 605**	**274 589**	**255 672**	**270 873**
Cash Payments by Type															
Employee related costs	6 964	6 964	6 964	6 964	6 964	6 964	6 964	6 964	6 964	6 964	6 964	12 601	89 208	92 589	99 070
Remuneration of councillors	520	520	520	520	520	520	520	520	520	520	520	915	6 631	7 095	7 592
Finance charges	170	170	170	170	170	170	170	170	170	170	170	170	2 038	2 242	2 466
Bulk purchases - Electricity	4 938	4 938	4 938	4 938	4 938	4 938	4 938	4 938	4 938	4 938	4 938	17 240	71 559	71 974	76 193
Bulk purchases - Water & Sewer	231	231	231	231	231	231	231	231	231	231	231	231	2 771	2 964	3 112 677.75
Other materials	1 130	530	830	1 130	830	730	830	630	1 130	830	1 130	991	10 716	10 399	10 931
Contracted services	1 060	1 060	1 060	1 060	1 060	1 060	1 060	1 060	1 060	1 060	1 060	8 563	20 227	20 030	20 373
Transfers and grants - other municipalities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and grants - other	–	–	–	–	–	–	–	–	–	–	–	–	–	-	–
Other expenditure	1 822	1 822	1 822	1 822	1 822	1 822	1 822	1 822	1 822	1 822	1 822	2 452	22 492	24 028	26 431
Cash Payments by Type	**16 834**	**16 234**	**16 534**	**16 834**	**16 534**	**16 434**	**16 534**	**16 334**	**16 834**	**16 534**	**16 834**	**43 163**	**225 642**	**231 321**	**246 169**
Other Cash Flows/Payments by Type															
Capital assets	4 035	4 035	4 035	4 035	4 035	4 035	4 035	4 035	4 035	4 035	4 035	4 489	48 873	22 573	23 774
Repayment of borrowing	44	44	44	44	44	44	44	44	44	44	44	44	527	580	638
Other Cash Flows/Payments	–	–	–	–	–	–	–	–	–	–	–	–		-	–
Total Cash Payments by Type	**20 913**	**20 313**	**20 613**	**20 913**	**20 613**	**20 513**	**20 613**	**20 413**	**20 913**	**20 613**	**20 913**	**47 696**	**275 041**	**254 474**	**270 581**
NET INCREASE/(DECREASE) IN CASH HELD	**(2 006)**	**10 594**	**(1 706)**	**(2 006)**	**(1 706)**	**(1 606)**	**(1 706)**	**(1 506)**	**(2 006)**	**(1 706)**	**(2 006)**	**6 909**	**(453)**	**1 198**	**292**
Cash/cash equivalents at the month/year begin:	1 279	(727)	9 868	8 162	6 157	4 451	2 845	1 140	(366)	(2 372)	(4 077)	(6 083)	1 279	826	2 024
Cash/cash equivalents at the month/year end:	(727)	9 868	8 162	6 157	4 451	2 845	1 140	(366)	(2 372)	(4 077)	(6 083)	826	826	2 024	2 316

References

1. Note that this section of Table SA 30 is deliberately not linked to Table A4 because timing differences between the invoicing of clients and receiving the cash means that the cashflow will differ from budgeted revenue, and similarly for budgeted expenditure. However for the MTREF it is now directly linked to A7.

NC073 Emthanjeni - NOT REQUIRED - municipality does not have entities

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R million		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Financial Performance										
Property rates										
Service charges										
Investment revenue										
Transfers recognised - operational										
Other own revenue										
Contributions recognised - capital & contributed assets										
Total Revenue (excluding capital transfers and contributions		–	–	–	–	–	–	–	–	–
Employee costs										
Remuneration of Board Members										
Depreciation & asset impairment										
Finance charges										
Materials and bulk purchases										
Transfers and grants										
Other expenditure										
Total Expenditure		–	–	–	–	–	–	–	–	–
Surplus/(Deficit)		–	–	–	–	–	–	–	–	–
Capital expenditure & funds sources										
Capital expenditure										
Transfers recognised - operational										
Borrowing										
Internally generated funds										
Total sources		–	–	–	–	–	–	–	–	–
Financial position										
Total current assets										
Total non current assets										
Total current liabilities										
Total non current liabilities										
Equity										
Cash flows										
Net cash from (used) operating										
Net cash from (used) investing										
Net cash from (used) financing										
Cash/cash equivalents at the year end										

NC073 Emthanjeni - Supporting Table SA32 List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1. Number	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2. R thousand

References

1. Total agreement period from commencement until end

2. Annual value

NC073 Emthanjeni - Supporting Table SA33 Contracts having future budgetary implications

Description	Ref	Preceding Years	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework			Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Total Contract Value
R thousand	1,3	Total	Original Budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:														
Revenue Obligation By Contract	2													
Contract 1														–
Contract 2														–
Contract 3 etc														–
Total Operating Revenue Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Expenditure Obligation By Contract	2													
Contract 1														–
Contract 2														–
Contract 3 etc														–
Total Operating Expenditure Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Capital Expenditure Obligation By Contract	2													
Contract 1														–
Contract 2														–
Contract 3 etc														–
Total Capital Expenditure Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Total Parent Expenditure Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Entities:														
Revenue Obligation By Contract	2													
Contract 1														–
Contract 2														–
Contract 3 etc														–
Total Operating Revenue Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Expenditure Obligation By Contract	2													
Contract 1														–
Contract 2														–
Contract 3 etc														–
Total Operating Expenditure Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Capital Expenditure Obligation By Contract	2													
Contract 1														–
Contract 2														–
Contract 3 etc														–
Total Capital Expenditure Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Total Entity Expenditure Implication		–	–	–	–	–	–	–	–	–	–	–	–	–

References

1. Total implication for all preceding years to be summed and total stated in 'Preceding Years' column

2. List all contracts with future financial obligations beyond the three years covered by the MTREF (MFMA s33)

3. For municipalities with approved total revenue not exceeding R250 m - all contracts with an annual cost greater than R500 000. For municipalities with approved total revenue greater than R250 m - all contracts with an annual cost greater than R1million. For municipalities with approved total revenue greater than R500 m - all contracts with an annual cost greater than R5 million

NC073 Emthanjeni - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		**10 436**	**9 594**	**34 991**	**52 190**	**53 990**	**53 990**	**31 067**	**16 429**	**17 261**
Roads Infrastructure		6 673	5 831	–	12 001	12 001	12 001	25 657	12 589	13 211
Roads		6 673	5 831		12 001	12 001	12 001	25 657	12 589	13 211
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	–	10 292	–	–	–	–	–	–
Drainage Collection				–						
Storm water Conveyance				10 292						
Attenuation				–						
Electrical Infrastructure		2 589	2 589	7 500	13 500	13 500	13 500	1 500	3 840	4 050
Power Plants					–	–	–			
HV Substations					–	–	–			
HV Switching Station					–	–	–			
HV Transmission Conductors		2 589	2 589	7 500	4 000	4 000	4 000	1 500	3 840	4 050
MV Substations					–	–	–			
MV Switching Stations					–	–	–			
MV Networks					–	–	–			
LV Networks					–	–	–			
Capital Spares					9 500	9 500	9 500			
Water Supply Infrastructure		–	–	17 199	26 689	28 489	28 489	3 910	–	–
Dams and Weirs						–	–			
Boreholes				14 000	26 689	28 489	28 489	3 910	–	–
Reservoirs						–	–			
Pump Stations						–	–			
Water Treatment Works						–	–			
Bulk Mains						–	–			
Distribution						–	–			
Distribution Points						–	–			
PRV Stations						–	–			
Capital Spares				3 199		–	–			
Sanitation Infrastructure		1 173	1 173	–	–	–	–	–	–	–
Pump Station										
Reticulation										
Waste Water Treatment Works		1 173	1 173							
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										

Community Assets		–	–	–	–	–	–	–	–	–
Community Facilities		–	–	–	–	–	–	–	–	–
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Indoor Facilities										
Outdoor Facilities										
Capital Spares										
Heritage assets		–	–	–	–	–	–	–	–	–
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Other assets		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–
Municipal Offices										
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing		–	–	–	–	–	–	–	–	–
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
Intangible Assets		–	–	–	–	–	–	–	–	–
Servitudes										
Licences and Rights		–	–	–	–	–	–	–	–	–
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
Computer Equipment		–	–	–	–	–	–	–	–	–
Computer Equipment										
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment										
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment										
Transport Assets		–	–	–	–	–	–	–	–	–
Transport Assets										
Land		–	–	–	–	–	–	–	–	–
Land										
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on new assets	1	**10 436**	**9 594**	**34 991**	**52 190**	**53 990**	**53 990**	**31 067**	**16 429**	**17 261**

References

1. Total Capital Expenditure on new assets (SA34a) plus Total Capital Expenditure on renewal of existing assets (SA34b) plus Total Capital Expenditure on upgrading of existing assets (SA34e) must reconcile to total capital e

	check balance	-	-	8 603 062	-50	2 315 950	2 315 950	-6 189 977	-27 080 583	372 560

NC073 Emthanjeni - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		**–**	**691**	**3 402**	**2 400**	**2 400**	**2 400**	**1 750**	**1 855**	**1 966**
Roads Infrastructure		–	691	2 800	2 000	2 000	2 000	1 750	1 855	1 966
Roads			691	2 800	2 000	2 000	2 000	1 750	1 855	1 966
Road Structures					–	–	–			
Road Furniture					–	–	–			
Capital Spares					–	–	–			
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	–	500	–	–	–	–	–	–
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares				500						
Water Supply Infrastructure		–	–	80	–	–	–	–	–	–
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution				80						
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Pump Station										
Reticulation										
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		–	–	22	400	400	400	–	–	–
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares				22	400	400	400			
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
Community Assets		**–**	**–**	**145**	**256**	**256**	**256**	**10**	**10**	**11**
Community Facilities		–	–	120	256	256	256	10	10	11
Halls				105	256	256	256			
Centres					–	–	–			
Crèches					–	–	–			
Clinics/Care Centres					–	–	–			
Fire/Ambulance Stations					–	–	–			
Testing Stations					–	–	–			

Museums					–	–	–			
Galleries					–	–	–			
Theatres					–	–	–			
Libraries					–	–	–			
Cemeteries/Crematoria				15	–	–	–	10	10	11
Police					–	–	–			
Parks					–	–	–			
Public Open Space					–	–	–			
Nature Reserves					–	–	–			
Public Ablution Facilities					–	–	–			
Markets					–	–	–			
Stalls					–	–	–			
Abattoirs					–	–	–			
Airports					–	–	–			
Taxi Ranks/Bus Terminals					–	–	–			
Capital Spares					–	–	–			
Sport and Recreation Facilities		–	–	25	–	–	–	–	–	–
Indoor Facilities										
Outdoor Facilities				25						
Capital Spares										
Heritage assets		–	–	–	–	–	–	–	–	–
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Other assets		**65**	**66**	**320**	**410**	**410**	**410**	**163**	**173**	**183**
Operational Buildings		65	66	320	410	410	410	163	173	183
Municipal Offices		65	65	320	410	410	410	163	173	183
Pay/Enquiry Points					–	–	–			
Building Plan Offices					–	–	–			
Workshops					–	–	–			
Yards					–	–	–			
Stores					–	–	–			
Laboratories					–	–	–			
Training Centres					–	–	–			
Manufacturing Plant					–	–	–			
Depots					–	–	–			
Capital Spares			1		–	–	–			
Housing		–	–	–	–	–	–	–	–	–
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
Intangible Assets		6	16	680	480	480	480	–	–	–
Servitudes										
Licences and Rights		6	16	680	480	480	480	–	–	–
Water Rights					–	–	–			
Effluent Licenses					–	–	–			
Solid Waste Licenses					–	–	–			
Computer Software and Applications		6	16	680	480	480	480			
Load Settlement Software Applications					–	–	–			
Unspecified					–	–	–			
Computer Equipment		513	–	1 830	1 910	1 910	1 910	2 060	2 184	2 315
Computer Equipment		513		1 830	1 910	1 910	1 910	2 060	2 184	2 315
Furniture and Office Equipment		–	252	265	160	160	160	175	185	196
Furniture and Office Equipment			252	265	160	160	160	175	185	196
Machinery and Equipment		612	489	148	630	630	630	1 194	956	1 013
Machinery and Equipment		612	489	148	630	630	630	1 194	956	1 013
Transport Assets		14	9 725	–	–	–	–	12 000	–	–
Transport Assets		14	9 725					12 000		
Land		–	–	–	–	–	–	–	–	–
Land										
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on renewal of existing assets	1	**1 210**	**11 238**	**6 790**	**6 246**	**6 246**	**6 246**	**17 351**	**5 363**	**5 685**
Renewal of Existing Assets as % of total capex		*0.0%*	*53.9%*	*16.3%*	*10.7%*	*10.4%*	*10.4%*	*35.8%*	*24.6%*	*24.8%*
Renewal of Existing Assets as % of deprecn"		*1.9%*	*19.0%*	*10.8%*	*65.1%*	*65.1%*	*65.1%*	*180.8%*	*52.7%*	*52.7%*

References

1. Total Capital Expenditure on renewal of existing assets (SA34b) plus Total Capital Expenditure on new assets (SA34a) plus Total Capital Expenditure on upgrading of existing assets (SA34e) must reconcile to total capital e

check balance		-	-	8 603 062	-50	2 315 950	2 315 950	-6 189 977	-27 080 583	372 560

NC073 Emthanjeni - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		**8 047**	**8 374**	**2 891**	**4 234**	**4 234**	**4 234**	**2 806**	**2 684**	**2 817**
Roads Infrastructure		674	1 002	369	401	401	401	266	254	267
Roads		674	1 002	369	401	401	401	266	254	267
Road Structures		–			–	–	–			
Road Furniture					–	–	–			
Capital Spares					–	–	–			
Storm water Infrastructure		–	–	336	366	366	366	242	232	243
Drainage Collection					–	–	–			
Storm water Conveyance				336	366	366	366	242	232	243
Attenuation					–	–	–			
Electrical Infrastructure		3 511	3 511	1 732	1 885	1 885	1 885	1 249	1 195	1 254
Power Plants					–	–	–			
HV Substations					–	–	–			
HV Switching Station					–	–	–			
HV Transmission Conductors		2 464	2 464	1 197	1 302	1 302	1 302	863	825	866
MV Substations					–	–	–			
MV Switching Stations					–	–	–			
MV Networks					–	–	–			
LV Networks					–	–	–			
Capital Spares		1 048	1 048	536	583	583	583	386	369	388
Water Supply Infrastructure		783	783	380	1 502	1 502	1 502	995	952	999
Dams and Weirs				225	244	244	244	162	155	163
Boreholes					–	–	–			
Reservoirs					–	–	–			
Pump Stations					–	–	–			
Water Treatment Works		783	783		–	–	–			
Bulk Mains					–	–	–			
Distribution				155	1 257	1 257	1 257	833	797	836
Distribution Points					–	–	–			
PRV Stations					–	–	–			
Capital Spares					–	–	–			
Sanitation Infrastructure		19	19	74	81	81	81	54	51	54
Pump Station					–	–	–			
Reticulation				74	81	81	81	54	51	54
Waste Water Treatment Works		19	19		–	–	–			
Outfall Sewers					–	–	–			
Toilet Facilities					–	–	–			
Capital Spares					–	–	–			
Solid Waste Infrastructure		3 059	3 059	–	–	–	–	–	–	–
Landfill Sites		3 059	3 059							
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
Community Assets		**188**	**188**	**284**	**2 485**	**3 372**	**3 372**	**2 235**	**2 137**	**2 243**
Community Facilities		188	188	150	2 340	3 226	3 226	2 138	2 045	2 146
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Museums										
Galleries										

Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares		188	188	150	2 340	3 226	3 226	2 138	2 045	2 146
Sport and Recreation Facilities		–	–	134	145	145	145	96	92	97
Indoor Facilities										
Outdoor Facilities				134	145	145	145	96	92	97
Capital Spares		.	.	.	.	.	.	.	.	.
Heritage assets		–	–	–	–	–	–	–	–	–
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Other assets		**759**	**717**	**1 100**	**2 284**	**2 284**	**2 284**	**1 514**	**1 448**	**1 520**
Operational Buildings		759	717	1 100	2 284	2 284	2 284	1 514	1 448	1 520
Municipal Offices		575	507	902	2 070	2 070	2 070	1 372	1 312	1 377
Pay/Enquiry Points					–	–	–			
Building Plan Offices					–	–	–			
Workshops					–	–	–			
Yards					–	–	–			
Stores					–	–	–			
Laboratories					–	–	–			
Training Centres					–	–	–			
Manufacturing Plant					–	–	–			
Depots					–	–	–			
Capital Spares		184	210	197	215	215	215	142	136	143
Housing		–	–	–	–	–	–	–	–	–
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
Intangible Assets		520	254	708	1 858	1 858	1 858	1 232	1 178	1 236
Servitudes										
Licences and Rights		520	254	708	1 858	1 858	1 858	1 232	1 178	1 236
Water Rights					–	–	–			
Effluent Licenses					–	–	–			
Solid Waste Licenses					–	–	–			
Computer Software and Applications		520	254	708	1 858	1 858	1 858	1 232	1 178	1 236
Load Settlement Software Applications					–	–	–			
Unspecified					–	–	–			
Computer Equipment		70	88	699	761	761	761	504	482	506
Computer Equipment		70	88	699	761	761	761	504	482	506
Furniture and Office Equipment		–	603	999	1 087	1 087	1 087	720	689	723
Furniture and Office Equipment			603	999	1 087	1 087	1 087	720	689	723
Machinery and Equipment		602	548	722	1 174	1 174	1 174	778	744	781
Machinery and Equipment		602	548	722	1 174	1 174	1 174	778	744	781
Transport Assets		1 404	1 452	637	7 221	6 334	6 334	4 786	4 577	4 804
Transport Assets		1 404	1 452	637	7 221	6 334	6 334	4 786	4 577	4 804
Land		–	–	–	–	–	–	–	–	–
Land										
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals						–				
Total Repairs and Maintenance Expenditure	1	**11 590**	**12 225**	**8 040**	**21 104**	**21 104**	**21 104**	**14 575**	**13 938**	**14 630**
R&M as a % of PPE		*1.4%*	*1.6%*	*1.0%*	*2.0%*	*2.0%*	*2.0%*	*1.4%*	*1.7%*	*1.7%*
R&M as % Operating Expenditure		*4.4%*	*4.4%*	*2.3%*	*8.6%*	*8.6%*	*8.6%*	*7.0%*	*5.7%*	*5.7%*

References

1. Total Repairs and Maintenance Expenditure by Asset Category must reconcile to total repairs and maintenance expenditure on Table SA1

check balance	–	–	–	–	–	–	–	–	–

NC073 Emthanjeni - Supporting Table SA34d Depreciation by asset class

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Depreciation by Asset Class/Sub-class										
Infrastructure		–	–	–	–	–	–	–	–	–
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Roads										
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution										
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Pump Station										
Reticulation										
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
Community Assets		–	–	–	–	–	–	–	–	–
Community Facilities		–	–	–	–	–	–	–	–	–
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Museums										
Galleries										

Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Indoor Facilities										
Outdoor Facilities										
Capital Spares										
Heritage assets		–	–	–	–	–	–	–	–	–
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Other assets		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–
Municipal Offices										
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing		–	–	–	–	–	–	–	–	–
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
Intangible Assets		62 117	59 128	62 755	9 599	9 599	9 599	9 599	10 175	10 785
Servitudes										
Licences and Rights		62 117	59 128	62 755	9 599	9 599	9 599	9 599	10 175	10 785
Water Rights		62 117	59 128	62 755	9 599	9 599	9 599	9 599	10 175	10 785
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
Computer Equipment		–	–	–	–	–	–	–	–	–
Computer Equipment										
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment										
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment										
Transport Assets		–	–	–	–	–	–	–	–	–
Transport Assets										
Land		–	–	–	–	–	–	–	–	–
Land										
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Depreciation	1	**62 117**	**59 128**	**62 755**	**9 599**	**9 599**	**9 599**	**9 599**	**10 175**	**10 785**

References

1. Depreciation based on write down values. Not including Depreciation resulting from revaluation.

	Check	–	–	–	–	–	–	–	(0)	(0)

NC073 Emthanjeni - Supporting Table SA34e Capital expenditure on the upgrading of existing assets by asset class

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class										
Infrastructure		–	–	–	–	–	–	–	–	–
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Roads										
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution										
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Pump Station										
Reticulation										
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
Community Assets		–	–	–	–	–	–	–	–	–
Community Facilities		–	–	–	–	–	–	–	–	–
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										

Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Indoor Facilities										
Outdoor Facilities										
Capital Spares										
Heritage assets		–	–	–	–	–	–	–	–	–
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Other assets		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–
Municipal Offices										
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing		–	–	–	–	–	–	–	–	–
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
Intangible Assets		–	–	–	–	–	–	–	–	–
Servitudes										
Licences and Rights		–	–	–	–	–	–	–	–	–
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
Computer Equipment		–	–	–	–	–	–	–	–	–
Computer Equipment										
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment										
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment										
Transport Assets		–	–	–	–	–	–	–	–	–
Transport Assets										
Land		–	–	–	–	–	–	–	–	–
Land										
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on upgrading of existing assets	1	–	–	–	–	–	–	–	–	–
Upgrading of Existing Assets as % of total capex		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Upgrading of Existing Assets as % of deprecn"		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*

References

1. Total Capital Expenditure on upgrading of existing assets (SA34e) plus Total Capital Expenditure on new assets (SA34a) plus Total Capital Expenditure on renewal of existing assets (SA34b) must reconcile to total capital expend

check balance	-	-	8 603 062	-50	2 315 950	2 315 950	-6 189 977	-27 080 583	372 560

NC073 Emthanjeni - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2019/20 Medium Term Revenue & Expenditure Framework			Forecasts			
R thousand		Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Present value
Capital expenditure	1							
Vote 1 - EXECUTIVE AND COUNCIL		1 631	1 729	1 833				
Vote 2 - FINANCE AND ADMINISTRATION		809	858	909				
Vote 3 - PLANNING AND DEVELOPMENT		–	–	–				
Vote 4 - HEALTH		–	–	–				
Vote 5 - COMMUNITY AND SOCIAL SERVICES		69	73	78				
Vote 6 - PUBLIC SAFETY		30	32	34				
Vote 7 - SPORT AND RECREATION		34	36	38				
Vote 8 - ROAD TRANSPORT		40 609	15 709	16 518				
Vote 9 - OTHER		–	–	–				
Vote 10 - HOUSING SERVICES		–	–	–				
Vote 11 - WASTE MANAGEMENT		9	10	10				
Vote 12 - WASTE WATER MANAGEMENT		–	–	–				
Vote 13 - ELECTRICITY		1 770	4 126	4 353				
Vote 14 - WATER		3 910	–	–				
Vote 15 - [NAME OF VOTE 15]		–	–	–				
List entity summary if applicable								
Total Capital Expenditure		**48 873**	**22 573**	**23 774**	**–**	**–**	**–**	**–**
Future operational costs by vote	2							
Vote 1 - EXECUTIVE AND COUNCIL								
Vote 2 - FINANCE AND ADMINISTRATION								
Vote 3 - PLANNING AND DEVELOPMENT								
Vote 4 - HEALTH								
Vote 5 - COMMUNITY AND SOCIAL SERVICES								
Vote 6 - PUBLIC SAFETY								
Vote 7 - SPORT AND RECREATION								
Vote 8 - ROAD TRANSPORT								
Vote 9 - OTHER								
Vote 10 - HOUSING SERVICES								
Vote 11 - WASTE MANAGEMENT								
Vote 12 - WASTE WATER MANAGEMENT								
Vote 13 - ELECTRICITY								
Vote 14 - WATER								
Vote 15 - [NAME OF VOTE 15]								
List entity summary if applicable								
Total future operational costs		–	–	–	–	–	–	–
Future revenue by source	3							
Property rates								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Rental of facilities and equipment								
List other revenues sources if applicable								
List entity summary if applicable								
Total future revenue		–	–	–	–	–	–	–
Net Financial Implications		**48 873**	**22 573**	**23 774**	**–**	**–**	**–**	**–**

References

1. Summarise the total capital cost until capital project is operational (MFMA s19(2)(a))

2. Summary of future operational costs from when projects operational (present value until the end of each asset's useful life) (MFMA s19(2)(b))

3. Summarise the future revenue from when projects are operational, including municipal tax and tariff implications, (present value until the end of asset's useful life)

NC073 Emthanjeni - Supporting Table SA36 Detailed capital budget

R thousand														2019/20 Medium Term Revenue & Expenditure Framework		
Function	Project Description	Project Number	Type	MTSF Service Outcome	IUDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Lattitude	Audited Outcome 2017/18	Current Year 2018/19 Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality:																
List all capital projects grouped by Function																
Parent Capital expenditure												–	–	–	–	–
Entities:																
List all capital projects grouped by Entity																
Entity A																
Water project A																
Entity B																
Electricity project B																
Entity Capital expenditure												–	–	–	–	–
Total Capital expenditure												–	–	–	–	–

References

Must reconcile with Budgeted Capital Expenditure

Projects that fall above the threshold values applicable to the municipality as identified in regulation 13 of the Municipal Budget and Reporting Regulations must be listed individually. Other projects by Function

Asset class as per table A9 and asset sub-class as per table SA34

GPS coordinates correct to seconds. Provide a logical starting point on networked infrastructure.

Distinguish projects approved in terms of MFMA section 19(1)(b) and MRRR Regulation 13 check 41 781 60 236 48 418 21 792 22 946

Project Number consists of MSCOA Project Longcode and seq No (sample PC001002006002_00002)

NC073 Emthanjeni - Supporting Table SA37 Projects delayed from previous financial year/s

R thousand												Previous target year to complete	Current Year 2018/19		2019/20 Medium Term Revenue & Expenditure Framework		
Function	Project name	Project number	Type	MTSF Service Outcome	IUDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Lattitude		Original Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality:																	
List all capital projects grouped by Function																	
Entities:																	
List all capital projects grouped by Entity																	
Entity Name																	
Project name																	

References

List all projects with planned completion dates in current year that have been re-budgeted in the MTREF

Asset class as per table A9 and asset sub-class as per table SA34

GPS coordinates correct to seconds. Provide a logical starting point on networked infrastructure.

NC073 Emthanjeni - Supporting Table SA38 Consolidated detailed operational projects

R thousand												Prior year outcomes		2019/20 Medium T
Function	Project Description	Project Number	Type	MTSF Service Outcome	IUDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Lattitude	Audited Outcome 2017/18	Current Year 2018/19 Full Year Forecast	Budget Year 2019/20
Parent municipality:														
List all operational projects grouped by Function														
Parent Operational expenditure												–	–	–
Entities:														
List all Operational projects grouped by Entity														
Entity A														
Water project A														
Entity B														
Electricity project B														
Entity Operational expenditure												–	–	–
Total Operational expenditure												–	–	–

References

Must reconcile with Budgeted Operating Expenditure

Asset class as per table A9 and asset sub-class as per table SA34

GPS coordinates correct to seconds. Provide a logical starting point on networked infrastructure.

Project Number consists of MSCOA Project Longcode and seq No (sample PO001001002001002001002_00066)

check 351 892 244 187 245 151

ANNEXURE 5:

IDP

EMTHANJENI MUNICIPALITY

INTEGRATED DEVELOPMENT PLAN FOR

2019/2020

MAY 2019

EMTHANJENI LOCAL MUNICIPALITY
45 Dr PIXLEY KA SEME STREET
P O BOX 42
DE AAR
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TEL: +27 (0)53 632 9100
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HUMAN SETTLEMENTS SECTOR PLAN

FOREWORD BY THE EXECUTIVE MAYOR

MAYOR`S FOREWORD



The Municipal Systems Act, 32 of 2000, requires all municipalities to develop 5 year Integrated Development Plans (IDP) and review them annually. Emthanjeni Council has developed the IDP after engaging with the communities and stakeholders for input. This community and stakeholder consultation process is to ensure that communities become part of the planning and decision making regarding their own needs. The process of community engagement was followed by the Strategic Planning Session of the Municipality with the objective of understanding the challenges facing Council, progress on development and strategies for opportunities regarding municipal development.

At the Strategic Planning Session it was noted that according to the engagement with the community and stakeholders, the Council has contributed to the achievement of a number of significant social, environmental and economic developments since the adoption of the current IDP. Almost all residents of the Municipality have equal access to a wide range of basic services from the Municipality. Furthermore, as a result of input received from the communities, the Council could identify and develop projects emanating from the needs and challenges identified in the Strategic Planning Session and IDP Public Participation Process.

This IDP is prepared just during the local government election where municipalities will have new leadership (Councillors). Organisation who is contesting elections are busy lobbying to have hegemony or power in order to implement their manifesto.

The implementation of these projects will be monitored according to Chapter 6 of the Municipal Systems Act, 32 of 2000, which requires that all municipalities must develop a Performance Management System to monitor the implementation of the IDP. All these projects for 2019/2020 will be outlined on the Service Delivery Implementation Plan (SDBIP). The SDBIP sets out projects and programmes that are to be implemented per Key Performance Indicators within the IDP in the current financial year.

As we do the final annual review of the current IDP, it is important to acknowledge and thank the individuals and groups from communities that provided input for the IDP through our community engagement programs, the Council for their political leadership and the Municipal Manager, management and all officials who contributed in developing and assisting with the review of this document.

As part of National Development Plan, our municipality were able to be a centre of renewable energy which presently about four (4) phase 1 projects had already plug in to the grid which mean they are supplying solar energy to ESKOM as part of addressing scarcity of energy in our country. Secondly, four (4) phase three renewable energy projects are already being approved and one constraction is finished and the three (3) Wind Energy projects will be starting soon before we finalised the adoption of this IDP. These projects will also need maintenance and maybe possible the supply of its material will be manufactured locally.

Number of development projects will be undertaken in our municipality, this mean temporary job creation for the local communities. Secondly the municipality will also benefit on services, rate and taxes and attraction of business to our area.

The five year (2016- 2021) IDP will assist the new council to ensure they deliver better and faster services to our communities in fulfilling the mandate given to them by the community of Emthanjeni Municipality starting from 2018/19 financial year. I also want to take the opportunity to thank the outgoing council for preparing this five year IDP to ensure the new council come and implement but also during review they can still makes some changes when the needs arises.

Councillor S.T. Sthonga

MAYOR

ACKNOWLEDGEMENT FROM THE MUNICIPAL MANAGER

On behalf of Emthanjeni Local Municipality I would like to express my gratitude to the Development Unit particular the Manager Development and IDP Officer for job well done in preparing our five year IDP of 2016 till 2021 financial years.

Among the key contributors to the work, we note the following:-

- The residents and stakeholders of Emthanjeni Local Municipality who participated in the Community Input sessions.
- All the Emthanjeni Municipality Councillors.
- All the staff in the Directorates of Emthanjeni Local Municipality.
- The Emthanjeni IDP/Budget Meetings with the Municipality which took place in all the wards in February/March 2019.
- IDP/Budget Steering Committee Engagement on Febraury 2019/ March 2019& May 2019.
- The Executive Committee for providing overall direction.
- The drafters of the document the Development Unit led by the Manager Development.
- Assistance from Pixley Ka Seme District Municipality – Shared Services.

Executive Committee:

1.	ST Sthonga	Mayor
2.	K Rust	Councillor
3.	NP Mkontwana	Councillor

Emthanjeni IDP/ Budget / PMS / SDBIP Steering Committee:

1.	I Visser	Municipal Manager
2.	M Ludwick	Chief Financial Officer
3.	T Msengana	Director Corporate Services
4.	M Owies	Director Infrastructure Services
5.	HM Joka	Director Community Services
6.	JP Jack	Manager Financial Services
7.	CP Appies	Manager Housing
8.	W Lubbe	Manager Technical Services
9.	S Mgijima	Manager Electro-Technical Services
10.	M Jack	Manager Support Services
11.	S Mvandaba	Manager Development
12.	GL Nyl	Manager Office of the Mayor
13.	AN Boucher	Acting Chief Traffic Officer
14.	M. Mbombo	Office Head-Britstown
15.	N. Norwana	Acting Office Head-Hanover
16.	L. Billy	Project Management Unit: Manager
17.	CW Jafta	IDP Officer

Overall support to the process was provided by the Municipality's Development unit and Budget Office led by the CFO.

Finally, the Office of the Municipal Manager coordinated the IDP review process.

Isak Visser

MUNICIPAL MANAGER

EXECUTIVE SUMMARY

This document represents the seventh review of Emthanjeni Municipality's IDP for the current five-year local government planning and implementation time-frame, i.e. 2016 - 2021 and considers the 2019/2020 budget cycle. The document must be read together with the original IDP, the first three reviews and the municipal-wide sector plans. This IDP review serves as an addendum to the 5-year IDP (2016-2021) that was approved by Council and includes the following:

The review is in essence structured as follows:

- Chapter 1 - A legal framework
- Chapter 2 - A review of the profile of the municipal area and a review of the status of themunicipality as the mechanism to achieve the identified strategic objectives.
- Chapter 3 - An overview of the 2018/19 progress in terms of completion of the identifiedprojects as a means in reaching the strategic objectives
- Chapter 4 - The Strategic Agenda as identified in the original 2011-2016 IDP has been reviewed during aStrategic Session in 26-27 March 2019and remains in principle the same as with the previous years as council did not alter its strategic objectives
- Chapter 5 - An Action Plan for the 2016-2021 financial year.

The remaining chapters in the IDP serve as supporting documentation to the above core of the review.

The IDP is regarded as the single most important strategic document of the municipality and consolidates all municipal strategies and documents. Hence, this IDP includes the directives to achieve the municipal vision, to promote the national and provincial developmental agenda, to expand and enhance municipal infrastructure, and to ensure that all residents have access to essential (basic) services.

The original IDP has been developed through an exhaustive process of engagement with various stakeholders and the review process included consultation with the community in reviewing the identified needs. The resultant outcomes informed the design and implementation of municipal-wide projects and programmes, as well as the delivery of services, maintenance of infrastructure and responsibilities to stimulate growth and development. In this regard, the 2019/2020 municipal budget includes mainly projects regarding maintenance and provision of infrastructure.

The programmes and projects are intended for all the wards and this document will acknowledge the sources of information used in the process, amongst others are the following contributing sources:

(a) Comments received from the community and various role-players in the IDP Process;

(b) Meetings with members of the IDP Steering Committee;

(c) The implementation of Performance Management System (PMS);

(d) The implementation of Service Delivery Budget Implementation Plan (SDBIP);

(e) The adoption of the Spatial Development Framework (SDF);

(f) The update of the list of projects;

(g) The preparation and update of the sector plans;

(h) Integration of all programmes and plans in the municipal areas;

(i) IMAP (Implementation Map) for better monitoring of IDP, Budget and SDBIP. and

(j) The Annual Report 2017/18;

(k) MEC's comments;

The Municipality adopted in the 2016-2021 IDP, the national Key Performance Areas and aligned itself with these KPA's through a set of strategic objectives. The IDP therefore focuses on the following:

1. Basic Service Delivery
2. Municipal Transformation and Institutional Development
3. Good Governance and Public Participation
4. Municipal Financial Viability and Management
5. Local Economic Development
6. Safety and Security
7. Social Development

The above strategic objectives are aligned with the needs of the communities as these needs reflected mainly on:

- Economic Development
- Infrastructure Development
- Health Services
- Youth Development
- Housing Delivery
- SMME Development
- Availability of Agricultural land
- Sport and Recreation
- Skills development

Council's strategic objectives and areas of focus:

- Basic Service Delivery: Provision of access to all basic services rendered to residents within the available resources
- Municipal Transformation and Institutional Development: Develop and Transformation of the institution with the aim of capacitating the municipality in meeting their objectives.
- Local economic Development: Promote the equitable creation and distribution of wealth in Emthanjeni Municipal area.
- Municipal Financial Viability and Management: Maintaining a Financially Sustainable & Viable Municipality.
- Good Governance and Public Participation: Promote representative governance through the sustainable utilization of available resources in consultation with the residents of Emthanjeni Municipality.
- Safety and Security- Contribute to the creation of communities where residents and visitors can work live and play without threat to themselves or their properties.

- Social Development- Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor.

As to ensure a proper planned review process, a Process Plan was approved and focuses on the organizational arrangements for the planning process and indicates the time-frames and community participation processes. This was done in line with the guidelines set out in the Municipal Finance Management Act and concrete efforts were made to align the planning and budgeting processes. The process illustrates the important relationship between the IDP and the Performance Management System.

The Municipal status quo with future plans, challenges, achievements and form of support required:

Improvements of Basic Service Delivery;

- All Buckets have been eradicated
- UDS toilets upgraded yearly out of own funding in Hanover – 45 left
- Busy with Upgrading of Electricity network in Nonzwakazi and De Aar East (Phase 1 & 2 completed)
- Disinfection project completed for whole Emthanjeni LM
- Refurbishment of Boreholes in De Aar – R4.7M approved for 2018/19

Key achievements in Service Delivery:

- UDS toilets will be phased out over three years in Hanover (Full water borne)
- 399 Buckets eradicated in Britstown (septic tanks)
- De Aar WWTW completed in June 2015 (phase 1)
- Hanover got a new WWTW
- Busy with Upgrading of Electricity network in Nonzwakazi, De Aar East& Waterdal (Phase 1-3 completed)
- High Mast and Street lighting for Dark Areas completed
- All sites have access to water as per IDP standards except for informal area in Britstown that have communal standpipes
- Several gravel roads upgraded to tar roads through MIG, EPWP
- Several gravel roads upgraded to paved roads through Khotso Pula Nala (Street 4, 5 and 6 in Nonzwakazi)
- Storm water problem in De Aar East addressed (Phase 1)
- Upgrading of Merinopark Stadium – phase 1(Busy with phase 2; 500 seater pavilion)
- Successful implementation of ward development projects every financial year

The future economic attractions / planning for Emthanjeni area are:

- N12 new garage (Britstown)
- Possible upgrading of railway station
- Development of Industrial sites in all three towns
- Survey more residential sites in all towns
- Town houses and chalets for new hospital
- Development N10 corridor (development of strategy)
- Water pipeline from Orange River over 15 years
- Ostrich Farming
- Revitalisation of Rail (Wagon Manufacturing Plant, Warehouse Hub)
- Upgrading of Nature School (Poortjie – Municipal owned)

The IDP plan consists out of the following sections:

Chapter 1: IDP Process: Introduction

This section focuses on the purpose of the document and the legal context and framework of the IDP. The section further identifies the basis for the IDP and clarifies the process followed with review.

Chapter 2: Situation Analysis and Status of the Municipality as the mechanism to implement the strategic objectives

This section focuses on the existing situation of the communiites the municipality serves, focusing on population statistics, geographical descriptions, economic growth potential and other soci-economic aspects in the society of Emthanjeni Municipality. This section must enable the municipality to determine its developmental objectives, whether it be service delivery, health, education, job creation, land reform, environmental health and management, spatial planning inequalities, etc.

This second part of this section focuses on the current status of the municipality as an implementing agent and determine the capacity (or lack thereof) and resources (or lack thereof) to implement the IDP.

Chapter 3: Overview of 2018/19 projects

This chapter gives an overview of the progress with regard to the identified projects as per Strategic Objective as to form a baseline for planning further projects for the 2019/20 financial year.

Chapter 4: The Strategic Agenda

The section outlines the priorities of the communities and the objectives and strategies agreed upon. The key performance areas and strategic objectives have been identified in this section e.g. storm water drainage, job creation, provision of housing, sustainable services, etc.

Chapter 5: Action Plan 2019/20 and Integrated Sector Plans

The section focuses on the projects identified to be implemented during the new financial year per Key Performance Area/Strategic Objective. It sets out each project's name, indicator(s), location, target(s) to measure performance, as well as the

potential sources of funding. A distinction is made between projects for which funding is available for the 2018/19 financial year and projects for which funding is not (yet) available for.

The section also focuses on the IntegratedSector Plans that needs to be aligned with the municipality's strategic objectives and with the resources framework. These sector plans include inter alia:

- 5 Year Capital Investment Programme;
- 5 Year Financial Plan;
- 5 Year Infrastructure Plan;
- Integrated Waste Management Plan;
- Integrated Institutional Plan;
- Tourism Strategy Implementation Plan;
- Municipal Human Settlement Secor Plan;
- LED & SMME Strategy;
- Disaster Management Plan;
- Macro Organizational Structure;
- Water Services Development Plan;

Other principle matters the IDP also addresses include:

Public Participation

The Local Government Municipal Systems Act, 32 of 2000 – Chapter 4 requires that all Municipalities develop a culture of participatory governance by putting in place mechanisms and procedures that allow for public participation in the affairs of the Municipality, including the IDP Process. Central to this is the need for community members to be well informed about the affairs of the Municipality at all times and to take part in the decision-making processes of Council. To address this, the Council set up Ward Committees and an IDP Representative Forum. The Process Plan outlines the continuous consultation with the community stakeholders.

A range of meetings were held with various stakeholders, especially ward committees and a complete list of these meetings can be viewed in Chapter 4.

Institutional Arrangements

The municipality is responsible for the successful implementation of the IDP. For this reason, it is important to ensure the successful allocation of roles and responsibilities within the organisation and the following is a brief overview:

Executive Committee:

Political oversight over the IDP

Ward Councillors:

- Link the planning process to the constituencies and / or wards;
- Be responsible for organizing public consultation and participation;

- Monitor the implementation of the IDP with respect to the particular wards.

Municipal Manager:

Overall responsibility for the IDP

Development Manager / IDP Officer:

Responsible for managing the IDP Process through:

- Facilitation of the IDP Process,
- Co-ordinating IDP related activities, including capacity building programmes,
- Facilitating reporting and the documentation thereof,
- Liaising with PKS Shared Services and Provincial Sector Departments,
- Providing secretariat functions for the IDP Steering Committee and Forum.

The Chief Financial Officer:

The CFO must ensure that the municipal budget is linked to the IDP and is responsible for:

- Co-ordinating the budget implementation,
- Development of the 5-year municipal integrated financial plan linked to the IDP

IDP Steering Committee:

- The Committee meets quarterly.
- It is responsible for IDP processes, resources and output
- It makes recommendations to Council,
- It oversees the meetings of the IDP Representative Forum,
- Oversees effective management of the IDP Process
- Contribute to the assessing of needs & prioritising
- Evaluation of IDP/ Budget / PMS alignment

IDP Representative Forum:

- It forms the interface for community participation in the affairs of Council;
- Operates on consensus basis in determination of priority issues for the municipal area;
- Participates in the annual IDP Review Process;
- It have four meetings for status quo reports and input taking andto discuss progress and shortcomings;
- All wards within municipal area must be represented on Forum through the Ward Committee.

Alignment

In terms of the Municipal Systems Act development strategies must be aligned with National and Provincial Sector Plans as well as planning requirements. It also envisages that a single inclusive and strategic plan must be adopted which links, integrates and coordinates plans. The municipality aligned its resources and processes as far as possible with the IDP.

Spatial Development Framework

Emthanjeni Municipality Spatial Development Framework is outdated and the municipality plans to reviewit as resources are available as this document is critical to guide spatial development within the Municipality.

Performance Management System (PMS)

The White Paper on Local Government (1998) nationally introduced Performance Management System (PMS) as a tool to ensure developmental local government. It concluded that Integrated Development Planning, Budgeting and Performance Management were powerful tools, which could assist municipalities to develop an integrated perspective on development in their areas. Performance management will cover both the institutional performance and municipal wide performance.

The Municipal Systems Act (Act 32 of 2000), requires all municipalities to:

- Develop a Performance Management System;
- Set targets, monitor and review performance based on indicators linked to the IDP;
- Publish an annual report on performance to the Councillors, staff, the public and other spheres of government.'
- Incorporate and report on a set of general indicators pre-established nationally by the Minister responsible for Local Government;
- Conduct an internal audit on performance before tabling the report;
- Have the annual performance report audited by the Auditor-General;
- Involve the community in setting indicators and targets and reviewing municipal performance.

Emthanjeni Municipality has compiled a Draft SDBIP with clear indicators based on the national key performance areas (and therefore the municipality's strategic objectives).

The KPA's and performance indicators are based on the local priorities and IDP objectives. Performance agreements were also concluded between the Council and the Municipal Manager as well as all Directors. These agreements directly supported the implementation of the IDP process. Individual performance agreements need to be signed by the Municipal Manager, Directors and further with Managers to cascade PMS further down the organisation.

CHAPTER 1: INTRODUCTION AND PURPOSE OF REVIEW

1.1 NATIONAL LEGISLATIVE FRAMEWORK

Municipalities function within an extensive legislative and policy framework that provides prescripts and guidelines for municipal actions according to constitutional obligations. In this regard, all municipalities must align their budget and programmes with national developmental and institutional policy directives that are mainly being guided by the Constitution.

The **Constitution of the Republic of South Africa** outlines the type of local government needed. Sections 152 and 153 of the Constitution describe the following objectives of local government:

- To ensure the sustainable provision of services
- To provide democratic and accountable government for all communities
- To promote social and economic development
- To promote a safe and healthy environment
- To give priority to the basic needs of communities, and
- To encourage involvement of communities and community organisations in matters of local government.

The Constitution supersedes all legislative frameworks and the following legislation has been developed to guide municipalities as to its mandate, function and mechanisms to implement its constitutional mandate:

a) The **Municipal Systems Act (MSA) Act 32 of 2000** requires municipalities to develop Integrated Development Plans that will guide the direction and content of potential development within the relevant council's area of jurisdiction, and must be reviewed annually. In addition the Act also stipulates the IDP process and the components of the IDP.

b) The **Local Government: Municipal Planning and Performance Management Regulations (2001)** sets out the minimum requirements for an Integrated Development Plan. *Regulation 2 (1)* states that the municipality's IDP must at least identify:

- The institutional framework, which must include an organogram required for the implementation of the Integrated Development Plan;
- Any investment initiatives in the municipality;
- Any development initiatives in the municipality, including infrastructure, physical, social and institutional development;
- All known projects, plans and programmes to be implemented within the municipality by any organ of the state, and
- The key performance indicators set by the municipality.

Regulation 2 (3) sets out matters/issues that must be reflected in the financial plan that must form part of the integrated development plan.

c) Section 21(2) of the **Municipal Finance Management Act (Act 56 of 2003) (MFMA)** states that, when preparing the annual budget, the Mayor of a municipality must:

- Take into account the municipality's Integrated Development Plan.
- Take all reasonable steps to ensure that the municipality revises the integrated development plan in terms of section 34 of the MSA, taking into account realistic revenue and expenditure projections for future years.
- Take into account the national budget, the relevant provincial budget, the national government's fiscal and macroeconomic policy, the annual Division of Revenue Act and any agreements reached in the Budget Forum.
- Consult with the relevant authorities.

The drafting, implementation and review of the IDP on an annual basis is mandatory for all municipalities in terms of the relevant legislation, and it is therefore important to briefly outline this legal framework.

The Integrated Development Plan, adopted by the Council of the municipality, is the key strategic planning tool for the municipality. It is described in the Municipal Systems Act (MSA) as:

> 35(1) (a)"…the principal strategic planning instrument which guides and informs all planning,development and all decisions with regard to planning, management and development inthe municipality";
>
> (b) "binds the municipality in the executive authority…"

In terms of the MSA, section 34, a municipality is required to review its IDP annually. Annual reviews allow the municipality to expand upon or refine plans and strategies, to include additional issues and to ensure that these plans and strategies inform institutional and financial planning.

It needs to be emphasized that the IDP is the major principal planning mechanism for the municipality to PLAN, IMPLEMENT AND MONITOR ALL ITS ACTIVITIES and informs the annual budget, the spatial development frameworks, the Local Economic Development Strategy and the performance management system of senior management.

1.2 PURPOSE OF THE IDP DOCUMENT

The purpose of this document is to describe the results of the municipality's 2019/2020 IDP Review Process, and describes the following:-

- The process followed to review the Emthanjeni Municipality's IDP;
- The key informants that have provided the basis for amending certain elements of the IDP;
- The amended objectives, strategies, programmes and projects which have been revised.

In order to evaluate the progress of the municipality in terms of the identified strategic objectives, it is important to read it together with the original Integrated Development Plan 2011 – 2016 and the IDP Review of 2019/20. Both documents are attached as annexure.

The purpose is therefore to:

- ensure that the planning processes of the municipality's internal departments are informed by the IDP and that there is sufficient capacity to implement the projects;
- assess and report on progress and if required, apply corrective measures;
- ensure that the IDP is the platform for structured inter-governmental engagement;
- ensure that budget allocations and expenditure are in line with the IDP objectives;
- ensure that the municipality's planning processes and outcomes are compliant;
- ensure better alignment between the municipality's SDBIP and performance management system; and
- ensure that the strategic objectives relate to the key performance areas.

1.3 Basis for the Integrated Development Plan 2016-2021

The IDP 2011-2016 was undertaken as part of the continuous cycle of planning, implementation and monitoring.

In essence, the process consists out of a situational analysis whereby existing data and annual reports were used as a base to understand the CURRENT STATUS of both the municipality and the environment in which it functions. Based on the analysis of the current situation, the objectives is to reach the already identified vision need to be translated into appropriate strategies, once these strategies have been finalised, projects to achieve the objectives were identified and discussed. The strategies identified have also been aligned with intergovernmental strategies and programmes as to ensure an integrated approach.

The IDP Review for 2016-2021 was undertaken within the framework of National, Provincial and District plans and policies, with particular consideration being given to the following:

1.3.1 New Growth Path, 2009 (NGP)

The NGP aims to find job opportunities in both the traditional economic sectors as well as cross-cutting sectors. It further aims to develop strategies that would create the needed jobs in the economy of South Africa over the medium term. This strategy will combine micro and macro-economics in achieving its goal.

The main indicators for success will be:

- Jobs (number and quality)
- Growth (the rate, labour intensity & composition of economic growth)
- Equity (lower income and inequality)
- Environmental outcomes

1.3.2 THE FIVE PILLARS ON WHICH THE NGP STANDS ARE:

1. Infrastructure:

Public Sector - energy, transport, water, communications infrastructure and housing until 2015.	250 000 jobs annually

2. Main Economic Sectors:

Agricultural value chain	300000 households in agricultural smallholder schemes
	145 000 in agro processing by 2020
	Upgrade conditions for 660 000 farmer workers
Mining value chain	Additional 140 000 jobs by 2020 & 200 000 by 2030
Manufacturing sectors with IPAP2 targets	350 000 jobs by 2020 in industries not covered elsewhere
Tourism & certain high level services	250 000 jobs

3. Seizing the potential of New Economies:

The Green economy	300 000 additional direct jobs by 2020 of which 80 000 is in manufacturing and up to 400 000 in construction, operations and management by 2030
Growing the knowledge capital	100 000 by 2020 based on current employment and taking out overlaps with niche tourism, IPAP2 and government services

4. Investing in Social Capital and Public Services:

Social Economy – such as co-ops	260 000 jobs by 2020

5. Spatial Development:

Measurable improvements in livelihoods	500 000 households in rural development areas
African regional development	60 000 direct jobs by 2015 and around 150 000 by 2020 from exports to SADC

1.3.3 NATIONAL DEVELOPMENT PLAN 2030

If the National Growth Plan is the strategy, then the National Development Plan is the tactic to be used in achieving the aims moving towards 2030.The NDP focus on eleven distinct areas for development in South Africa and it is the following:

- Create 11mil jobs by 2030
- Expand infrastructure
- Transition to low carbon economy
- An inclusive integrated rural economy
- Reversing the spatial effects of apartheid

- Education and Training
- Social protection
- Build a capable state
- Reforming the public service
- Provide quality Health Care
- Fight Corruption
- Transformation and Unity (National Development Plan 2030, 2011)

1.3.4 National Spatial Development Perspective (NSDP)

The main purpose of the NSDP is to reconfigure apartheid spatial relations and to implement spatial priorities that meet the constitutional imperative of providing basic services to all and alleviating poverty and inequality. The NSDP is based on government's objectives of growing the economy, creating jobs, addressing poverty and promoting social cohesion.

NSDP principles are aimed at focusing government action and investment to enable the developmental state to achieve maximum social and economic impact within the context of limited resources. While the focus on government spending in areas of some economic potential is on economic infrastructure, in areas of low or no economic potential government spending should focus on human capital development.

Spatial marginalization from economic opportunities and social amenities continue to be a significant feature of the space economy and must be addressed to reduce poverty and inequality and to ensure shared growth (National Spatial Development Perspective, 2003).

1.3.5 Pixley ka Seme District Growth and Development Strategy

The PKSDGDS seeks to achieve a shared vision, amongst all sectors of its society, for the achievement of its goal of reducing poverty and improving the quality of life all its citizens. The DGDS reinforces the following principles:

- Integrated, sustainable, holistic and participatory growth and development.
- Providing for the needs of all the people.
- Ensuring community and/or beneficiary involvement and ownership.
- Long term sustainability on all levels.
- Equitable socio-economic development with equitable benefits for all

The Development Targets identified for the DGDS:

Criteria	Target
Average annual economic growth rate	2%-4%
Reduce poverty	50% by 2014
Eradicate bucket system	2010

Reduce crime	10% by 2010
Decrease illiteracy rate	50% by 2014
Reduce unemployment	50% by 2014
Reduce prevalence rate of HIV/Aids	2014
Housing for all	2014

1.3.6 MEDIUM TERM STRATEGIC FRAMEWORK

The strategic priorities, deriving from the popular mandate, can be summarized as follows:

- Speed up economic growth and transform the economy to create decent work and sustainable livelihoods.
- Massive programme to build economic and social infrastructure
- Comprehensive rural development strategy linked to land and agrarian reform and food security
- Strengthen the skills and human resource base
- Improve the health profile of society
- Intensify the fight against crime and corruption
- Build cohesive, caring and sustainable communities
- Pursue regional development, African advancement and enhanced international co-operation.
- Sustainable resource management and use
- Build a developmental state including improvement of public services and strengthening democratic institutions

As with previous annual reviews, the amendments were formulated on the basis of:

- An assessment of implementation performance and the achievement of IDP targets and strategic objectives – considering the impact of successes and corrective measures necessary to address problems and challenges
- Review of sector strategies and plans, and cluster analysis reports inform the input of communities
- Council strategic session
- Powers and functions of the municipality
- MTAS outcomes
- Improved SDBIP system
- IDP, Budget Forum
- Public input sessions and sector input sessions
- Management meetings and IDP steering committee meetings
- Emthanjeni Municipality Directorate inputs
- Implementation Map (IMAP).

1.3.7 NINE POINT PLAN

- Revitalising agriculture and the agro-processing value chain
- Adding value to our mineral wealth (advancing beneficiation and support to the engineering and metals value chain)
- More effective implementation of a higher impact Industrial Policy Action Plan
- Unlocking the potential of small, medium and micro enterprises, cooperatives and township enterprises
- Operation Phakisa (Oceans Economy, Mining,Health, Tourism, Basic Education, etc)
- Encouraging private sector investment
- Resolving the energy challenge
- Moderating workplace conflict
- State reform and boosting the role of state-owned companies, information and communications technology infrastructure or broadband roll-out, water, sanitation and transport infrastructure

1.4 PROCESS – IDP PROCESS FOR 2016-2021 - PUBLIC PARTICIPATION

The Local Government Municipal Systems Act, 32 of 2000 – Chapter 4 requires that all Municipalities develop a culture of participatory governance and to ensure the institutionalisation of this participatory process. To address this, Council has set up

- Ward Committees
- IDP Representative Forum
- IDP/ Budget / PMS Steering Committee.

In an effort to maximise community participation with regard to the compilation of the Draft IDP, the following is undertaken:

- Council Meets the People 4 times a year
- IDP/Budget /PMS /SDBIP input meetings in the wards
- Sectoral meetings with Emerging Farmers i.e. Hanover, Britstown & De Aar
- Input received from the public
- Ward Committee input

For the 2019/20-IDP Review Process, the following workshops were held:

The municipality conducted the following consultation processes as part of the review process:

No	Type of Meeting	Date	Venue	Attendance
1.	IDP/Ward Committee Engagement	2o May 2019	De Aar Civic Hall	Councillors, Senior Management, Community members (Ward 1 &2)
2.	IDP/Ward Committee Engagement	21 May 2019	Multi-purpose centre	Councillors, Senior Management, Community members (WPortion of ward 8, 3 & 4)

No	Type of Meeting	Date	Venue	Attendance
3.	IDP/Ward Committee Engagement	27 May 2019	Kwezi Hall	Councillors, Senior Management, Community members
4.	IDP/Ward Committee Engagement	22 May 2019	Mziwabantu Community Hall	Councillors, Senior Management, Community members (Ward 7)
5.	IDP/Ward Committee	28 May 2019	Town Hall	Councillors, Senior Management, Community members (Ward 5&8)
6.	IDP Representative Forum	March 2019	Committee Room	Committee members
7.	IDP/Budget Steering Committee Engagement	20 May 2019	Committee Room	Committee Members

Table 1: Public Participation Engagement

In accordance with the provisions of the Process Plan the IDP was reviewed and further developed through the following:

- The Final IDP and Budget for 2019/2020 must be presented for adoption by Council at the end of 30 May 2019.
- Submission of the IDP to the MEC of Local Government for comments
- The adopted IDP will be advertised for public comments
- Council held a Strategic Session held on 26-27 March 2019 reviewing the strategic agenda
- In addition to the IDP Rep Forum that was established, Council have established the IDP Steering Committee. The purpose of these is to ensure that the review and implementation of the IDP is driven by these structures
- Council Meets the People regularly.

Other processes followed:

- General discussions and meetings with members of the IDP Steering Committee
- Liaison with various government departments and stakeholders
- Involvement of PKSDM in the IDP Processes (Shared Services)

The review process in itself is important as to ensure ownership of the development plan by all concerned, with specific reference to the communities of Emthanjeni, the provincial government and the administration.

CHAPTER 2: PROFILE AND SITUATIONAL ANALYSIS OF THE MUNICIPAL AREA

This chapter serves mainly to provide a brief description of the historic significance, social, economic and institutional environment, and high-level development 'indicators' as imperatives for municipal planning in order to ensure economic growth, job creation and socio-economic improvement.

SECTION 1

2.1 EMTHANJENI LOCAL MUNICIPALITY IN CONTEXT

2.1.1 MUNICIPAL GEOGRAPHICAL INFORMATION

Emthanjeni Local Municipality is a category B municipality consisting of three towns: De Aar, Britstown and Hanover. Emthanjeni, and especially De Aar, is renowned for its central location on the main railway line between Johannesburg, Cape Town, Port Elizabeth and Namibia. De Aar is situated in the Northern Cape Province and represents 3.7% of the total population in the Province.

It is situated in the Pixley ka Seme District Municipality and is the seat of this district. Emthanjeni represents approximately 22, 7% of the district's population. The Pixley ka Seme District has an approximate population of 186 351 people (Census 2011) representing 16, 26% of the Northern Cape population with its 1 145 861 residents. The Northern Cape represent 2, 21% of the National population (51,770,560).The Municipality is situated approximately 300km south west of Kimberley, 440 km south east of Upington, 300 km north east of Beaufort-West and 300 km south west of Bloemfontein. The land area comprises 11% of the district land area and 3% of the province.

Hanover lies approximately 65 km east of De Aar on N1 main north to south route and Britstown is situated about 55 km west of De Aar on the N12 route. Both these main routes link Johannesburg and Cape Town.The towns of Emthanjeni lie in an extensive stock farming area with the emphasis on sheep, mutton and wool farming, especially Merino's.

Emthanjeni Municipality, specifically De Aar, is the seat of Pixley ka Seme District Municipality which hosts all Government Departments. Emthanjeni Municipality covers an area of approximately.

Below is a map of the Northern Cape that indicates the location of the Emthanjeni Municipality in the Pixley Ka Seme District area



Figure 1 Map of Emthanjeni situate in the Northern Cape Province



Figure 2 Map of Pixley Ka Seme district

Distances from major centres in South Africa:

- Johannesburg : 750km
- Pretoria : 810km
- Cape Town : 748km
- Bloemfontein : 315km
- Port Elizabeth : 502km
- Kimberley : 315km

The towns have the following residential areas:

Town	Residential Areas				
De Aar	De Aar-West	De Aar East	Nonzwakazi	Malaycamp	Barcelona
	Waterdal				
Britstown	Jansenville	Mziwabantu	Britstown (town)	Proteaville	
Hanover	Kwezi	Nompumelelo	Joe Slovo park	Tornadovill	Hanover (town)

Table 2: Towns in Residential Areas

The Municipality previously were structured into seven (7) Wards but due to Demarcation changes which affected our municipality, an additional ward was created meaning in this financial year the municipality will be having eight (8) Wards after the Election of 03 August 2016: Table 4 is the reflection of old demarcation of wards and Table 5 is the new municipal demarcation after this local government election of 03 August 2016.

Ward	Areas
1	Louisville, Montana, Kareeville, Sunrise
2	Leeuwenshof, Residensia, New bright, Happy Valley, Extension 20, Klein Kareeville, Extension 7
3	Nonzwakazi, Portion of Waterdal
4	Barcelona, Macarena, Malay camp, Portion of Nonzwakazi
5	Waterdal, Town Area
6	Kwezi, Nompumelelo, Joe Slovo Park, Tornadoville, Hanover(town)
7	Jansenville, Mziwabantu, Britstown(town), Proteaville

Table 3: Municipal Wards

As per new demarcation proposals, the municipal ward demarcation will change from the above seven (7) wards to eight (8) wards in preparation for the coming 2016 Local Government Election. The rearrangement of ward names still needs to be concluded:

Ward	Areas
1	Montana, Kareeville, Sunrise
2	Macarena, Residensia, New bright, Happy Valley, Extension 20, Klein Kareeville, Extension 7
3	Nonzwakazi, (From street 11, 10,20 until street 3,15, 16, Izinyoka including left side of street 2)
4	Barcelona, Leeuwenshof,Malay camp, Portion of Nonzwakazi (Only street 12 ,18)
5	Remaining part of town, Louisville
6	Kwezi, Nompumelelo, Joe Slovo Park, Tornadoville, Hanover(town)
7	Jansenville, Mziwabantu, Britstown(town), Proteaville
8	Right side of Street 2, 1. 13, 14, 17, Waterdal and Town portion up until Van Zyl street

Table 4: New wards

The Major Towns of Emthanjeni



De Aar

De Aar means “the artery”, and in many senses this town is the lifeblood of the Karoo. It is the head office of the Emthanjeni and Pixley Ka Seme District Municipalities; home to many artists; there is an important weather station that can be toured by visitors, and it has the second most important railway junction in the country. The significance of the railway line is that it is central to Gauteng, Cape Town, Port Elizabeth and Namibia.

There are about 110km of railway lines, including 29 rail-tracks in De Aar precincts. However, “De Aar” founded in 1904, was so named because of the many water-bearing arteries that occur underground. Unlike many other Karoo towns, it did not start around the Dutch Reformed Church, but in fact started around the railway line.

This town used to be known around railway activities which at some stage faded and by now some activities are coming back as way of revitalization of the railway.

De Aar has the largest abattoir in the Southern Hemisphere and supplies all the major centres throughout the entire country with the famous “Karoo” lamb and mutton. Apart from meat production, the sheep farms around De Aar are also major suppliers of wool. All the water used in the town comes from boreholes – which is why the town is known for its large number of wind pumps. The town is easily accessible by tarred road and two airfields serve it – one is an all-weather runway that can accommodate any type of aircraft and it is only 52km away from the national bus route.

Hanover



This attractive and historic little town on the N1 lies more or less halfway between Cape Town, Gauteng and Kwazulu-Natal. It was established in 1854 at the base of some rocky hills on the farm Petrusvallei, which was bought from Gert Gous. Gous requested that the town be called Hanover, after his great grandfather's town in Germany.

When declared a magisterial district in 1876, the town was very fortunate to be appointed with a visionary magistrate, Richard Beere. He insisted that trees be planted so that resident's descendants would have shade. Due to the increase in water consumption caused by an increase in residents, the spring that Hanover was built around dried up, and the number of trees seen in the town today is far less than 100 years ago. Beere loved the Karoo and spent considerable time on the summit of Trappieskop, where a stone pyramid honoring his contribution to the town was erected when he died.

The older houses were all built right on the road edge – as per authority's instructions at the time – and when, in later years, homeowners built on verandas, they had to pay one shilling tax for this privilege. Today, they are still paying this tax, which is now R17, 00. Hanover was home to Olive Schreiner – well known South African author – who lived here from 1900 to 1907, and referred to it as "the prettiest little village I have ever seen". Her husband, Cron, was an agent in town and today his offices are used as a small guest house. Like many small Karoo towns, most of the streets are not tarred and the residential areas are very quiet. However, behind garden walls and front doors there is plenty of activity going on as the industrious residents carry out their daily business.

The town is home to a variety of artists and craftspeople, as well as having several restaurants, a delightful bookshop, coffee shop and a museum. Interesting Karoo architecture is to be seen and many gardens have a wind pump standing sentinel in one corner. Surrounding farms are principally Merino sheep farms, with many of the country's best breeders farming in the Hanover district. Lesser Kestrels, from Europe and Central Asia, come to nest in trees around town, and can be seen gliding in the dawn and dusk sky from late October to the end of summer.

Britstown



It was in those days of The Great Diamond rush in the year 1877 that Britstown came into being. Fortune hunters paused here in their frenzied dash to the fabulous diamond field, and a settlement mushroomed to provide fresh horses, fodder, refreshment and accommodation. Soon even a concertina virtuoso made music for happy dancers lubricated by the local brew. First the Fuller and Gibson coaches and then others stopped here. But by the time Britstown gained municipal status in January 1889, a railway line already snaked across the Karoo plains to carry would-be diamond diggers through to Kimberley.

The small have of Britstown, along the diamond route across the plains, was named after a man who loved the Karoo, Hans Brits. He once accompanied Dr David Livingstone, famous son-in-law of the great missionary, Robert Moffat, on a journey to the north. Livingstone originally came to South Africa to help the Moffat's at their mission in Kuruman, and it was on a journey to the north that he met Brits. They took a liking to each other, and Brits decided to travel with him. But, Livingstone did not get on with the Moffat's, so he soon announced his intentions of travelling deeper into Africa, a decision that led to him becoming probably the continent's most famous explorer. Brits decided again a life of exploration and returned to the Karoo.

Hans Brits settled on a farm named Gemsbokfontein, which is where Britstown now stands. Soon after the discovery of diamonds at Hopetown and Kimberley, Brits realised that he and his neighbours could earn good money serving the growing traffic along the Diamond Route. So Brits arranged for a town to be laid out on a portion of his farm. The thinking was to establish a point between Victoria Wes and Kimberley that could provide travellers on the Diamond Route with accommodation and refreshments as well as fresh horses and fodder. In 1877, a group of men headed by TP Theron purchased a section of Hans Brits's farm to establish a community centre with a church. This accomplished, they handed over the management of the settlement to church wardens. Traffic increased when gold was discovered and in time, the town became a major junction on the route to Namibia.

2.2 GEOGRAPHICAL FEATURES AND NATURAL RESOURCES

2.2.1 CLIMATE: EMTHANJENI MUNICIPALITY

Emthanjeni Municipality is situated in the Northern Cape Province's semi-arid climate; specifically in the Pixley ka Seme Region with its summer rainfall occurring mainly in the late summer months. The area has warm summers and very cold winters, with temperatures varying from high 30°C in January/February to - 10°C in June/July. The region is subject to periodic droughts which have a serious impact on the surrounding farming areas and on the economy of the towns. The area is located in a summer rainfall region with very little rainfall. The mean annual rainfall ranges from 200mm-300mm per year. Rain occurs predominantly in the form of summer thunderstorms and 60% of the average annual rainfall occurs between November &February, due to climate change there are chamges which are unclear at present. .

The Municipality needs to recognise its role in respect of climate responsive due to the following:

- The impact of changing weather patterns will be felt and need to adapt to project changes.
- Critical to reduce climate change and greenhouse gas emissions.
- To manage resources due to potential future cost implications.

Some of the areas where the municipality have control over which influence climate change include building codes, land use planning, water, storm water and sanitation, electricity supply, waste management, transport, air quality management, etc.

2.2.2 CLIMATE CHANGE

Climate change can be described as the increased frequency with which anomalies occur, i.e. positive or negative weather conditions to which people have not as yet adjusted. Thus the municipality needs to identify what should be adapted to and when to start with climate protection. Measures should include options for various degrees of extremity. These measures will not guarantee absolute protection, but will make damage controllable and provide a means of coping with climate related surprises. Climate protection has to become each individual's concern through supporting climate protection measures or by responding to changeable climates to reduce the risks and take advantage of the opportunities.

It is predicted that the Karoo could experience more drought periods, couple with increased evaporation and temperatures having negative impacts on already restricted water supply. Regional predictions suggest a drying trend from west to east, as shift to more irregular rainfall of possible greater intensity, and rising temperature everywhere.

The Karoo area is dependent upon boreholes for its water supply. Increase in temperature over the next 10 years will drive the municipality to either find alternative sources of water supply orto increase boreholes. Energy consumption will potentially also increase by 10% and a similar strategy for alternative energy will have to be identified for both cooling in summer and heat in winter. The alternative of solar energy will be needed to relieve electricity.

The municipality will need to use SMME programmes more effectively for the installation and maintenance of solar energy as to elevate climate change challenges.

It needs to be emphasized that the municipality does not yet have a climate change strategy, plans and/or budget to respond to the challenges. The major concern is the matter of mandate as the municipality does not necessarily regard climate change management as its responsibility, although it does indirectly fulfil a role by managing water sources and managing air and noise pollution (esp. with heavy transport activities in the area). Again a major constraint in this regard is the lack of funding for these mandates.

2.2.3 PHYSICAL CHARACTERISTICS

Water

The towns of Emthanjeni Municipality obtain water from 68 boreholes and two fountains, divided into 4 borehole schemes. The monthly capacity of the fountains varies according to the rainfall. The water quality is hard and presents problems for bathing, washing and electrical appliances.

Due to funding from Department of Water Affairs which recognised the scarcity of water in the area to municipality could develop additional boreholes. The underground water has it challenges such as water being salty with some health hazards.

Minerals

De Aar and the surrounding area does not have any economically viable mineral deposits, as far as can be ascertained. Recent studies indicate the possibility of uranium deposits in the area (Hanover). This can only be ascertained after an elaborate study is conducted.

Vegetation

The vegetation is typical of the Karoo region with Karoo bushes and grass as the dominant features. Lone thorn trees occur in limited areas

Flood lines

No perennial rivers are to be found in the immediate vicinity of the towns. All storm water channels are local and the catchment area is limited to the immediate vicinity of the towns. De Aar experiences problems with storm water in the streets and subway due to a lack of proper storm water drainage.

Air

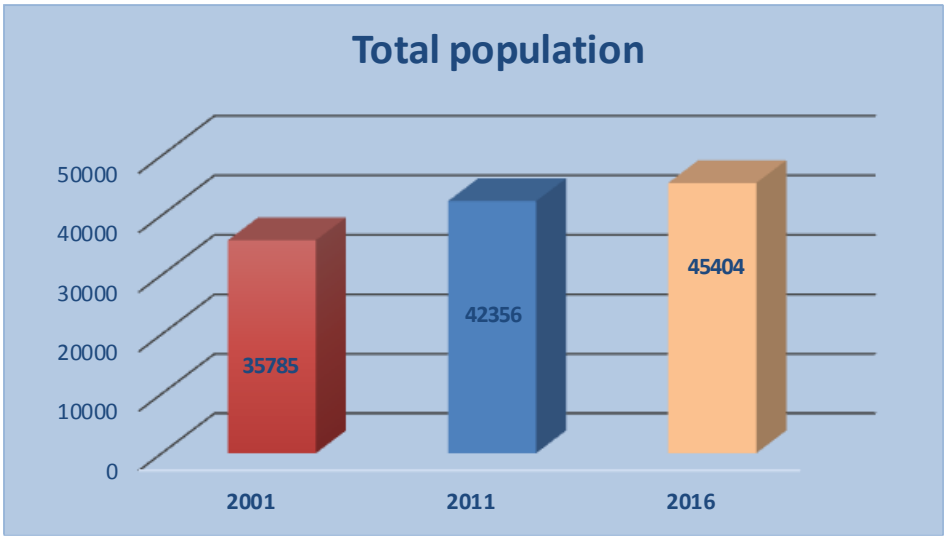
The quality of air in the Emthanjeni Municipal area can be described as good in comparison with the pollution in other urban centres. Air pollution is minimal as problems such as acid rain does not occur in Emthanjeni Municipal area and pollution from industries is kept to a minimum. Dust pollution does occur in the Karoo to a certain extent due to the sparse vegetation and low variable rainfall.

2.3 EMTHANJENI MUNICIPALITY: POPULATION

According to Statistics South Africa, Census 2011 the total population of Emthanjeni Municipality was 42 356. The following tables show the composition of the population per the following categories:

2.3.1 TOTAL POPULATION:

The Community Survey of 2007 indicates that Emthanjeni Local Municipality had a total population of 38 230. The 2011 Census (StatsSA) indicates that the total population has increased to 42 354. The population growth rate per annum is 1.69%. The Community Survey 2016 indicates that there slighty increase of 45404.



Year	2001	2011	2016
Total Population	35785	42356	45404

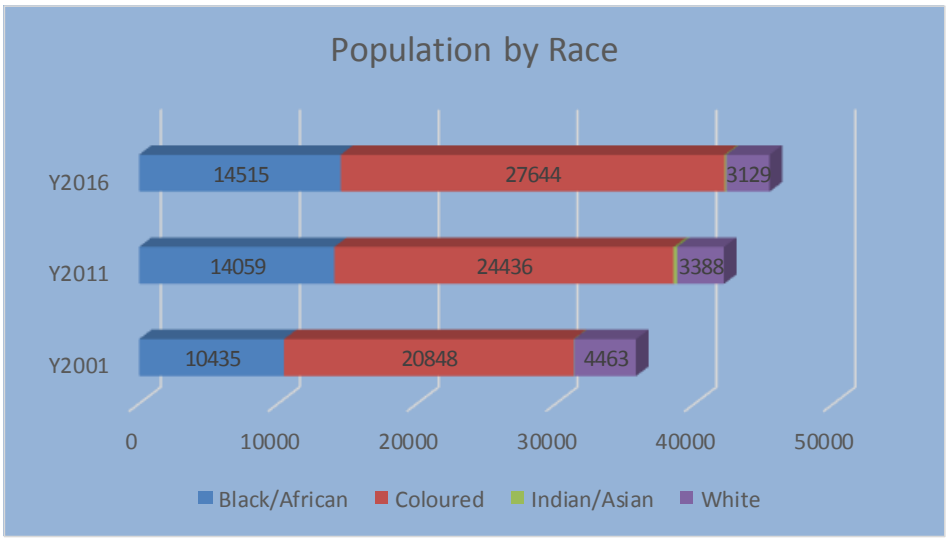
Table : Emthanjeni Total Population (Source: Stats SA Community Survey 2016).

Graph 1: Total Population

Year	African	Coloured	Indian	White
2001	10 435	20 848	40	4 463
2011	14 059	24 436	236	3 388
Source: Source Census 2001 & 2011				

Table 5: Population

3.2 POPULATION COMPOSITION BY RACE:



Year	Black/African	Coloured	Indian/Asian	White
Y2001	10435	20848	40	4463
Y2011	14059	24436	236	3388
Y2016	14515	27644	116	3129

Table: Emthanjeni Population by Race (Source: Stats SA Community Survey 2016)

Graph 2: Population by Race (Source Emthanjeni Annual Report 2017/18)

2.3.3 Population by race per ward:

Ward	Black African	Coloured	Indian/Asian	White	Other	Total
307030 01: Ward 1	281	4790	62	18	23	
307030 02: Ward 2	635	7222	56	10	73	**7996**
307030 03: Ward 3	5001	247	14	142	14	**5418**
307030 04: Ward 4	2706	2583	20	10	35	**5353**
307030 05: Ward 5	1337	2348	34	2302	30	**6050**

Ward	Black African	Coloured	Indian/Asian	White	Other	Total
30703006: Ward 6	2660	2955	27	496	39	**6178**
30703007: Ward 7	1440	4292	23	410	24	**6188**
Total Population						**42356**

Table 6: Population by race per ward (Source: Census 2011)

2.3.4 DISTRIBUTION OF POPULATION PER TOWN:

Ward	Black African	Coloured	Indian/Asian	White	Other	Total
Mziwabantu	975	324			3	**1 302**
Britstown	402	3 195	21	204	21	**3 843**
Rural Area	468	1 593	3	546	15	**2 625**
De Aar	3 918	17 028	177	2 481	156	**23 760**
Nonzwakazi	6 039	159	9		21	**6 228**
Hanover	2 256	2 133	24	156	27	**4 596**
Total Population						**42 354**

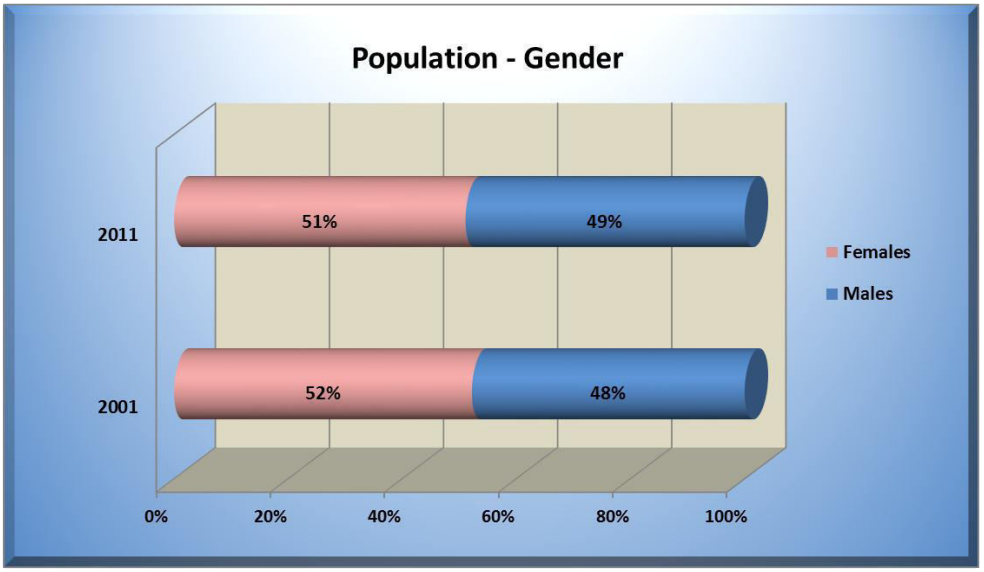
Table 7: Distribution of population per town (Source: Census 2011)

2.3.5 POPULATION COMPOSITION BY GENDER

In 2011 the Emthanjeni population showed that females represent 21 634 (51%) and males 20 722(49%).

Population - Gender	2001	2011
Females	18 679	21 634
Males	17 107	20 722
Total	**35 785**	**42 356**

Table 8: Gender Statistics



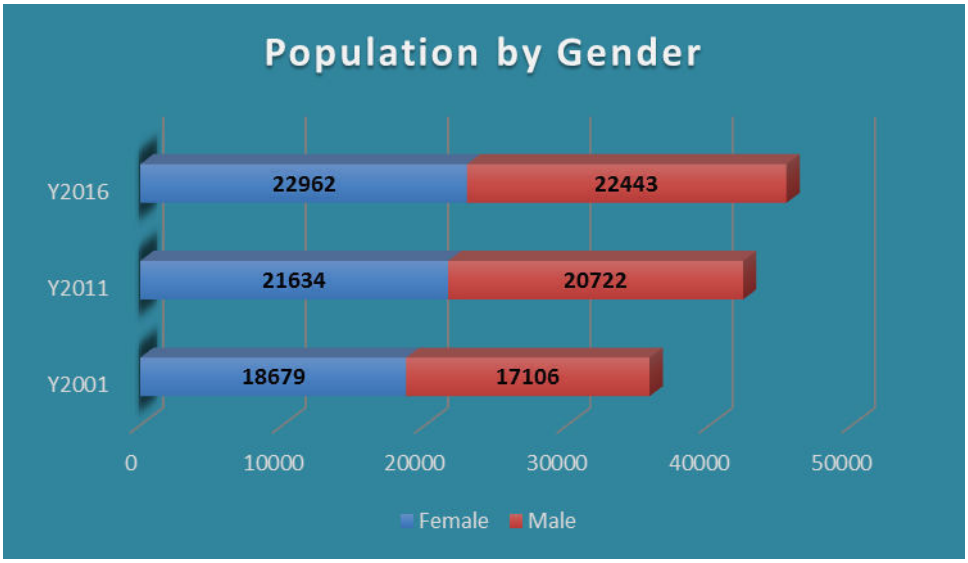
Graph 3: Population by Gender (Source Emthanjeni Annual Reports)

Graph 4:

2.3.6 POPULATION COMPOSITION BY GENDER PER WARD

Ward	Male	%	Female	%
30703001: Ward 1	2451	47	2723	53
30703002: Ward 2	3931	49	4065	51
30703003: Ward 3	2495	46	2923	54
30703004: Ward 4	2633	49	2720	51
30703005: Ward 5	3018	50	3032	50
30703006: Ward 6	3117	50	3061	50
30703007: Ward 7	3078	50	3110	50
Total Population	**20723**	**49**	**21634**	**51**

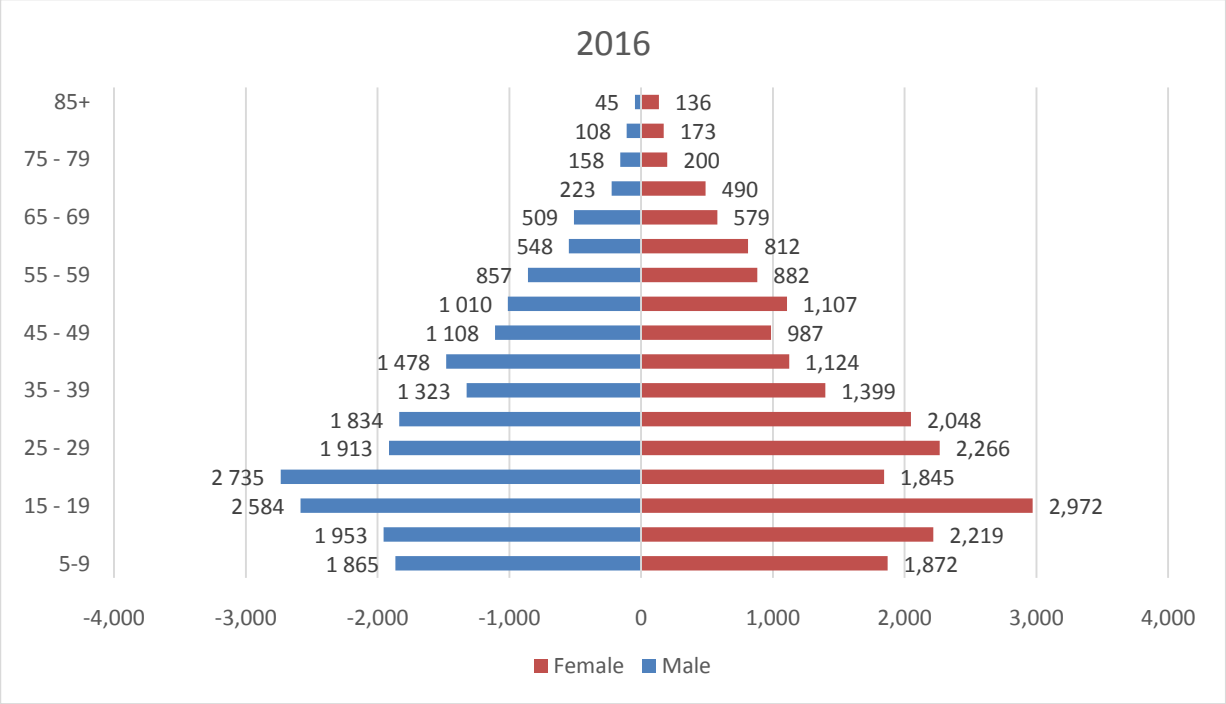
Table 9: Population by Gender by Ward (Source: Census 2011)



Gender	Y2001	Y2011	Y2016	Percentage
Female	18679	21634	22962	51%
Male	17106	20722	22443	49%
Total	35785	42356	45405	100%

Table 17: Emthanjeni Population by Gender (Source: Stats SA Community Survey 2016)

2.3.7 POPULATION COMPOSITION BY AGE:



Age	2001			2011			2016		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
0 - 9	3520	3742	7262	4654	4522	9176	4055	3722	7777
10 - 14	1985	2064	4049	2144	2103	4248	1953	2219	4172
15 - 19	2043	1963	4007	2046	1988	4034	2584	2972	5556
20 - 24	1444	1427	2871	1763	1760	3523	2735	1845	4581
25 - 29	1272	1211	2483	1688	1688	3376	1913	2266	4179
30 - 34	1234	1310	2544	1492	1412	2904	1834	2048	3882
35 - 39	1108	1241	2349	1324	1242	2565	1323	1399	2722
40 - 44	1010	1112	2122	1169	1326	2495	1478	1124	2602
45 - 49	872	1115	1987	1070	1248	2317	1108	987	2095
50 - 54	791	884	1675	984	1086	2070	1010	1107	2116
55 - 59	557	682	1239	787	979	1766	857	882	1739
60 - 64	463	604	1067	613	798	1411	548	812	1360
65 - 69	320	486	806	446	566	1012	509	579	1088
70 - 74	215	340	555	273	404	678	223	490	713
75 - 79	143	206	348	150	258	409	158	200	358
80 - 84	72	161	233	66	132	198	108	173	281
85+	57	131	188	51	122	174	45	136	181

Table 18: Emthanjeni Population composition by Age (Source) Stats SA Community Survey 2016

2.3.8 POPULATION BY AGE PER WARD:

	Emthanjeni	Ward 1	Ward 2	Ward 3	Ward 4	Ward 5	Ward 6	Ward 7
0 – 14								
Male	6799	890	1450	784	967	734	969	1006
Female	6625	866	1378	824	897	701	958	1001
15 – 36								
Male	7525	855	1455	908	959	1115	1160	1073
Female	7304	935	1404	960	909	1029	1080	987
37 – 65								
Male	5512	603	906	685	617	980	858	862
Female	6337	770	1071	908	798	1049	815	927

	Emthanjeni	Ward 1	Ward 2	Ward 3	Ward 4	Ward 5	Ward 6	Ward 7
66 – 120								
Male	887	103	119	118	90	189	130	138
Female	1367	151	212	231	115	254	208	195
Total	**42356**	**5173**	**7995**	**5418**	**5352**	**6051**	**6178**	**6189**

Table: Population by Age per ward (Source Census 2011)

2.3.9 HOUSEHOLDS – DYNAMICS

Households		Average household size		Female headed households %		Formal dwellings %		% Housing	
2001	2011	2001	2011	2001	2011	2001	2011	2001	2011
8706	10456	3.9	4.1	37 6	39.4	90 9	95 4	58 0	60 3

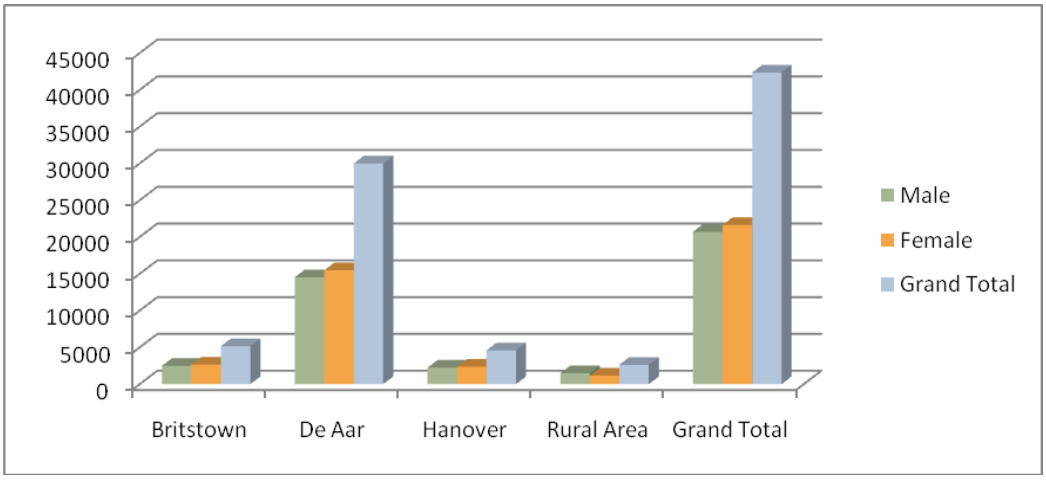
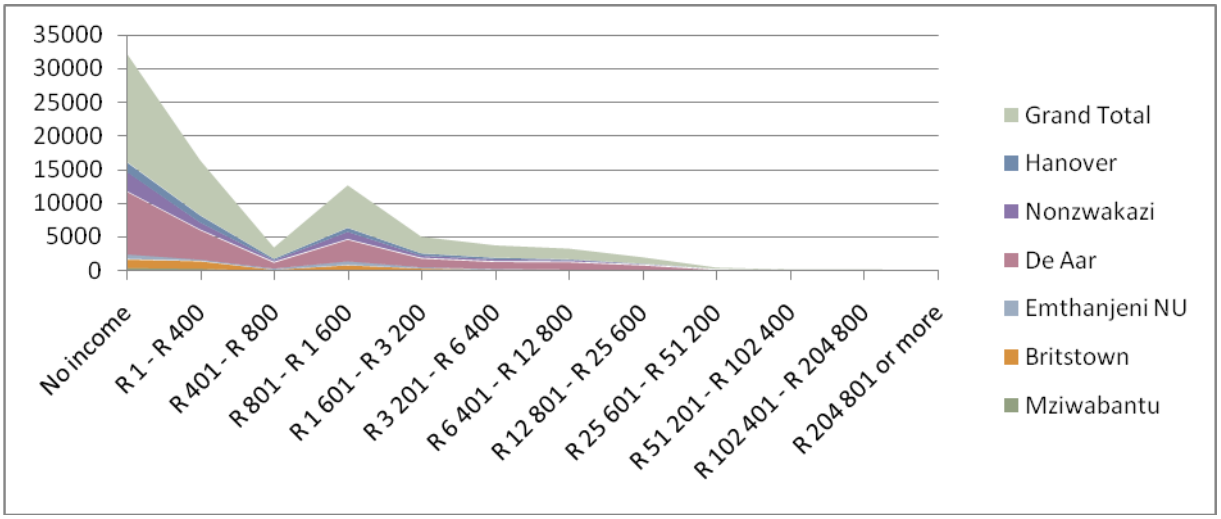
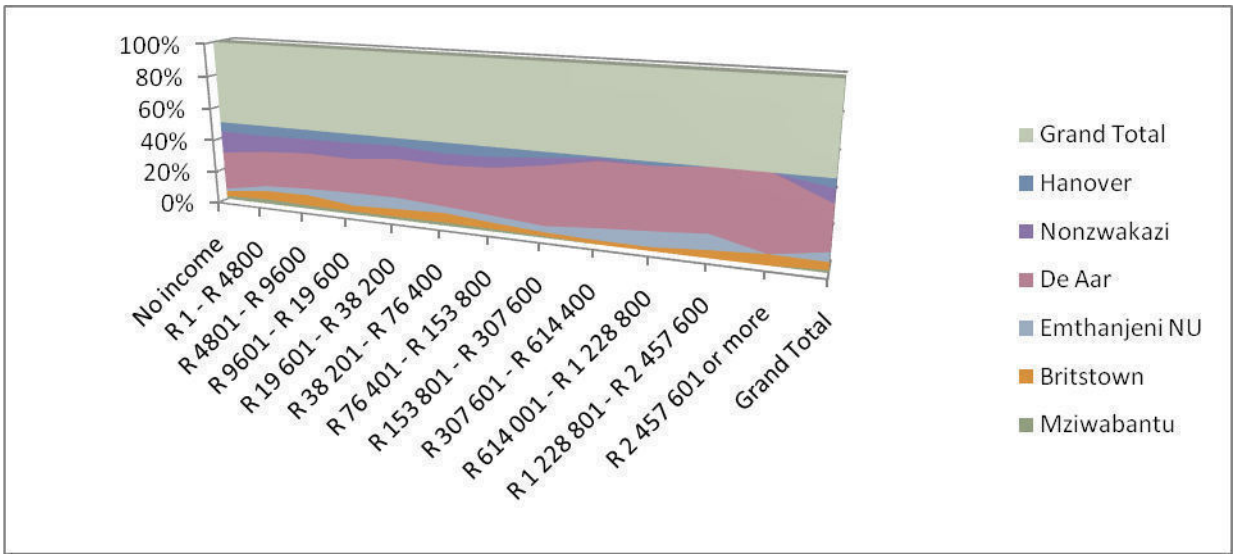


Table 10: Households (Source: Census 2011)

Graph 5: Monthly Income per town (Source: Census 2011)



Graph 6: Monthly Income per town



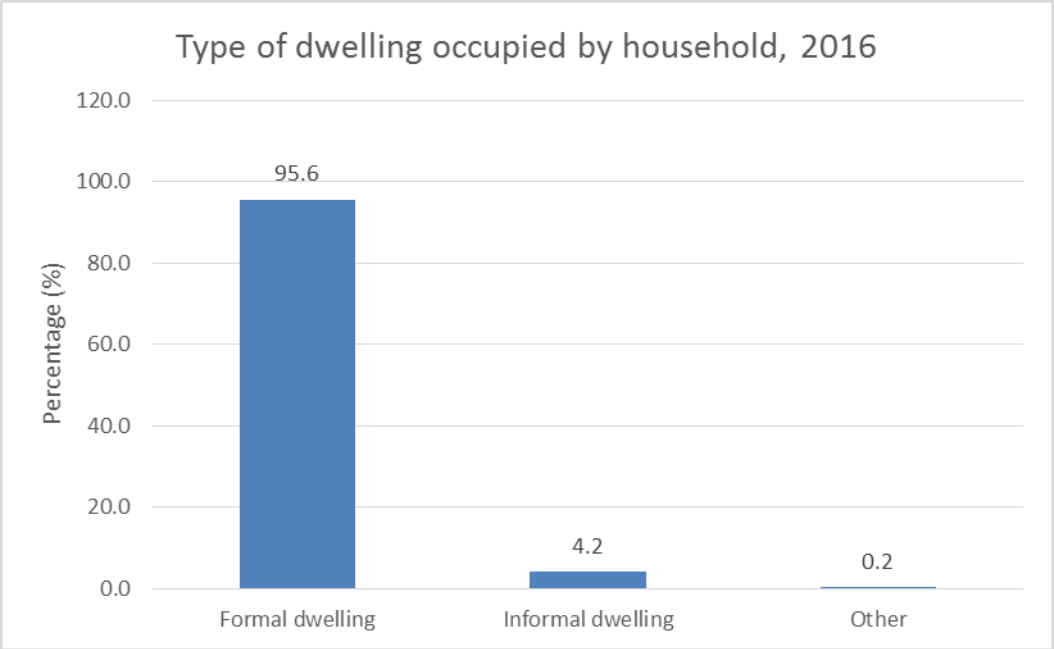
Graph 7: Annual Income per town

3.3.10 HOUSEHOLDS - TYPE OF MAIN DWELLING PER WARD FOR HOUSEHOLDS

Types of dwellings	Number
Formal dwelling/house or brick/concrete block structure on a	33478
Traditional dwelling/hut/structure made of traditional mater	-
Flat or apartment in a block of flats	425
Cluster house in complex	-
Townhouse (semi-detached house in a complex)	-
Semi-detached house	1016
Formal dwelling/house/flat/room in backyard	8811
Informal dwelling/shack in backyard	694
Informal dwelling/shack not in backyard (e.g. in an informal	808

Room/flatlet on a property or larger dwelling/servants quart	118
Caravan/tent	-
Other	55

Table 19: Type of the Main Dwelling for Emthanjeni households: (Source: Stats SA Community Survey 2016)



3.3.11 HOUSEHOLDS – SERVICES

Flush toilets connected to the sewerage %			Weekly refusal removal %			Piped water inside dwelling %			Electricity for lighting %		
2001	2011	2016	2001	2011	2016	2001	2011	2016	2001	2011	2016
60.3	79.6	85.2	85.5	83.3	79.8	43.1	59.8	53.2	83.3	92.6	95.4

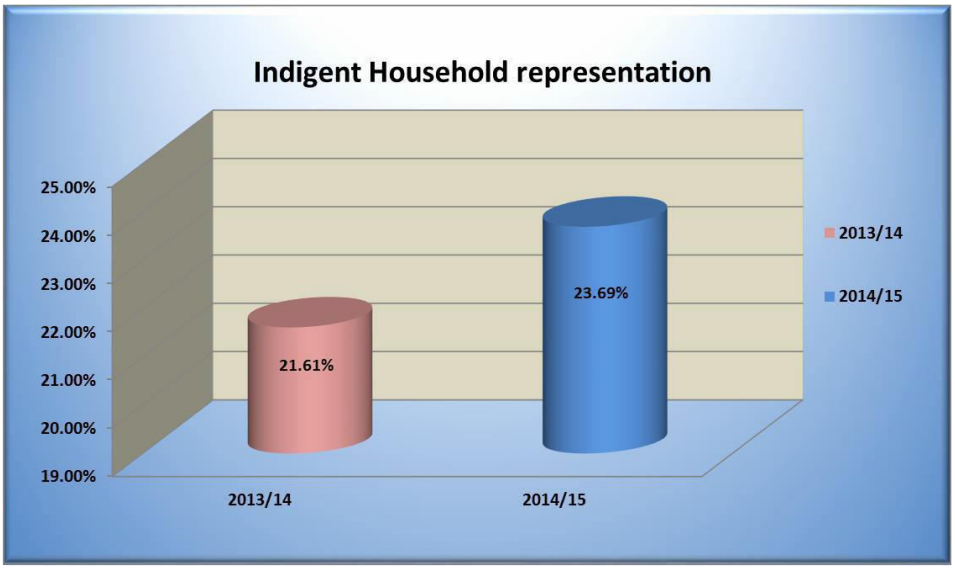
Table: Emthanjeni Household – (Source: Stas SA Community Survey 2016)

Flush toilets connected to the sewerage %			Weekly refusal removal %			Piped water inside dwelling %			Electricity for lighting %		
2001	2011	2016	2001	2011	2016	2001	2011	2016	2001	2011	2016
60.3	79.6	85.2	85.5	83.3	79.8	43.1	59.8	53.2	83.3	92.6	95.4

Table : Household Services (Source: Stats SA Community Survey 2016)

2.3.12 HOUSEHOLDS – INDIGENT HOUSEHOLDS

The total number of indigent households within the municipal area decreased from 3596 households in the 2016/17 financial year to a total of 3559 households during 2017/18. This indicates adecrease on the total number of indigent households within the municipal area over the period. During the 2018/2019 financial year the households was 3770 by the end of March 2019.



Graph 8: Indigent Households (Source Emthanjeni Annual Report 2017/18)

2.3.13 HOUSEHOLDS - ACCOUNTS

The total number of households accounts issued within the municipal area increased from **12 100** households in 2009/10 financial year to a total of **12 500** households in 2011/12 financial year. In the 2016/17 financial year this figure increased to 12 617 households. This indicates an increase in the total number of household accounts within the municipal area over the three years. The average household size in the Emthanjeni Municipal area is 4.1.

Households	2016/2017	2017/2018	2018/2019
Number of households accounts in municipal area	12617	12 668	12 509
Number of indigent households in municipal area	3 594	3559	3 770

Table 21: Households Accounts (Source Emthanjeni Annual Report)

2.4 LOCAL ECONOMIC DEVELOPMENT ENVIRONMENT

In reviewing and analysing the economic environment in Emthanjeni Municipality, it is apparent that the Municipality lacks comprehensive and accurate economic data. Emthanjeni Municipality is in the process of developing an Economic Development Strategy that will be aligned with the District Municipality's current study being undertaken.

The Emthanjeni Municipality Local Economic Development Strategy is developed with the aim of accelerating growth, job creation and empowerment. The Municipality has approved a Local Economic Development and Marketing Strategy at a meeting of the Executive Committee on 15 April 2010. The municipality has requested the services of the Department of Economic Affairs to assist with the review of this strategy but failed. There is a need for the reviewal of the LED Strategy during the 2017/2018 financial year.

The current LED Strategy was approved in 2008 which means it is not realy responding to the economic challenges facing the municipality. These challenges range from lack of green economy, infrastructural projects and expanding of businesses. The review of the LED Strategy will take the form of both LED & SMME Strategy.

The municipality will furthermore have to review its Spatial Development Framework as to align it to the LED Strategy.

2.4.1 EMTHANJENI MUNICIPALITY'S ECONOMY

De Aar is the main town of Pixley ka Seme serving a total of 24 other towns. Emthanjeni has in recent time seen the influx of investment in Renewable energy projects and is a potential industrial growth point with ample industrial sites, reasonable prices and tariffs, affordable labour and the necessary infrastructure. De Aar is therefore the ideal place to establish industries, a fact which can be borne out by various major industries which have already established themselves here. The central location and excellent rail and road links have resulted in several chain stores opening branches.

The Emthanjeni area is increasingly becoming the centre for supplying the whole country with the famous "Karoo" mutton with its unique flavour and quality. Emthanjeni has several abattoirs in De Aar: one solely for sheep with a capacity of 1000 carcasses per day, supplying meat to the other provinces. The second abattoir has a capacity for 550 sheep carcasses and, in addition to beef, supplies meat far beyond our region, even as far afield as Durban. The third abattoir specialises in venison for export.

All the courier services operating nationally serve the towns comprising Emthanjeni municipal area.There is also a synoptic weather station in De Aar gathering climatic data and literally putting De Aar on the world map. The towns of Emthanjeni Municipality boast a pleasant country atmosphere, doing full justice to the motto of the Upper Karoo Region "where tranquillity is only surpassed by the hospitality", and Emthanjeni Local Municipality being the "Karoo Destination of Choice".

Sheep, wool and mutton are the main farming activities in Britstown while hunting of small game (springbuck) is also very popular.The Smartt Syndicate Irrigation Scheme situated 25 kilometres west of Britstown provides water to Lucerne and wheat farmers. There is a museum in the former Anglican Church next to the Municipal offices.

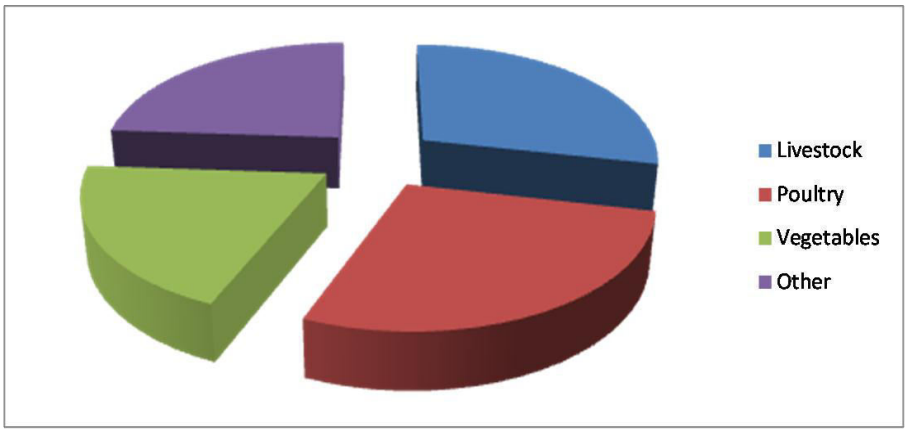
Hanover is also well endowed with qualified construction industry artisans. Like the other towns in this region, wool is exported to Port Elizabeth without being processed. It is noted with great concern the opportunities for local people in relation to the second

economy not being optimised,and the role the municipality needs to play to empower SMME's and co-operatives. This should enable the second economy initiatives to become active contributors to the economy of Emthanjeni as well as the entire district.

Agriculture forms the backbone of Emthanjeni economy and accounts for the largest labour/ employment contributor to date. Despite the harsh climate and poor carrying capacity of the veldt, it still offers opportunities for growth and employment creation. The Manufacturing sector shows potential of growth through the introduction of Renewable energy projects in De Aar and surrounding areas. The Municipality is dependent upon the following economic activities:

Key Economic Activities	Description
Services Sector (Community)	The services sector consists of the various government institutions, NGOs, CBO's and NPO's that resides within our area of jurisdiction. Banking: ABSA, FNB, Standard Bank and Capitec
Manufacturing	Stone crushers who specialize in the manufacturing of sand, bricks, cements and rocks. Renewable energy generation
	Rocla, Green Akker, Abattoir for meat processing
Retail	Purchasing of goods and services
	Checkers, Shoprite, Mr Price, Ackermans, Sheet Street, Fashion Express, Forchini,Total Sport, KFC, Built It, Cash Build, etc.
Agriculture	Game Farming
	Sheep, goat, pig and cattle farming
Transport	Rail Infrastructure
	Road Infrastructure
Tourism	To market Emthanjeni as a tourism destination
	Speed up restoration of existing attractions & development of new attractions

Table 22: Key Economic activities



Graph 9: Type of Economic Activities (Source Census 2011)

The Municipality is convinced that the Renewable Energy projects and New District Hospital and further developments planned for the area would grow the economy enormously. As a result of Transnet scaling down its activities as well as smaller businesses closing down from time to time, economic activity in the area is stagnating.

The future economic attractions/planning for Emthanjeni area are:

- N12 new garage (Britstown)
- Possible upgrading of railway station
- Development of Industrial sites in all three towns
- Survey more residential sites in all towns
- Town houses and chalets for new hospital
- Development N10 corridor (development of strategy)
- Water pipeline from Orange River over 15 years
- Ostrich Farming
- Revitalisation of Rail (Wagon Manufacturing Plant, Warehouse Hub)
- Upgrading of Nature School (Poortjie – Municipal owned)
- Upgrading of Museum

As part of Extreme Sports focus of the Northern Cape Province the Municipality has recent completed the Skate Park as part of the Maloof Cup Programme. We expect enormous impact in the tourism sector through the solar projects in the area and all other developmental endeavours. We are committed, as Municipality, to being a positive contributor to the success of the tourism sector

The municipality is also working towards providing more assistance to the emerging farmers who show keen interest in growing in the industry. The municipality is providing land for the emerging farmers to further their aspirations, but more is required to ensure that they actually meet their targets. The Smart Syndicate Dam could possibly provide a permanent water supply to the area in future, if it were possible to realise its potential.

2.4.2 PROFILE OF WORKFORCE

The rate of unemployment within the area of Emthanjeni Municipality is extremely high and according to the Stats SA the levels are as follows:

Labour market				Education (aged 20+)					
Unemployment Rate (Official)		Youth Unemployment Rate (Official) 15-34		No Schooling		Higher Education		Matric	
2001	2011	2001	2011	2001	2011	2001	2012	2001	2012
40.7	28.0	50.5	37.2	23.7	11.0	5.8	6.6	17.1	24.7

Table 23: Labour Market (Source: Census 2011)

	Emthanjeni	Ward 1	Ward 2	Ward 3	Ward 4	Ward 5	Ward 6	Ward 7
Employed	9 866	1 055	1 402	800	10 34	2 124	1 763	1 689
Unemployed	3 833	596	821	382	850	236	439	508
Discouraged work-seeker	1203	186	235	263	91	16	155	257
Other not economically active	11 561	1 288	2 351	2 000	1 287	1 749	1 533	1 352
Age less than 15 years	-	-	-	-	-	-	-	-
Not applicable	15 893	2 048	3 187	1 974	2 090	1 925	2 287	2 382
Total	**42 356**	**5 173**	**7 996**	**5 419**	**5 352**	**6 050**	**6 177**	***Figure 6 188***

Table 24: Employment status by Geography of person weighted (Source: Census 2011)

Ward	Black African	Coloured	Indian or Asian	White	Other
30703001: Ward 1					
Employed	72	**941**	20	9	12
Unemployed	27	**565**	3	-	1
Discouraged work-seeker	10	**173**	2	-	-
Other not economically active	60	1198	18	7	5
Age less than 15 years	-	-	-	-	-
Not applicable	112	1912	19	2	4
30703002: Ward 2					
Employed	133	**1216**	15	3	35
Unemployed	68	**744**	8	-	1
Discouraged work-seeker	6	**227**	1	1	-
Other not economically active	206	**2098**	23	4	19
Age less than 15 years	-	-	-	-	-
Not applicable	223	2937	9	1	17
30703003: Ward 3					
Employed	**699**	32	11	51	7
Unemployed	**341**	29	-	9	3
Discouraged	**248**	9	1	4	-

Ward	Black African	Coloured	Indian or Asian	White	Other
work-seeker					
Other not economically active	**1857**	93	2	45	4
Age less than 15 years	-	-	-	-	-
Not applicable	1856	84	-	32	1
30703004: Ward 4					
Employed	**572**	428	7	5	22
Unemployed	**425**	417	5	-	3
Discouraged work-seeker	50	41	-	-	-
Other not economically active	**627**	**656**	2	-	1
Age less than 15 years	-	-	-	-	-
Not applicable	1032	1040	5	5	9
30703005: Ward 5					
Employed	504	657	15	**926**	22
Unemployed	80	**118**	1	36	1
Discouraged work-seeker	3	8	-	5	-
Other not economically active	337	**787**	7	615	3
Age less than 15 years	-	-	-	-	-
Not applicable	413	778	10	720	4
30703006: Ward 6					
Employed	771	**764**	11	197	20
Unemployed	**272**	156	-	12	-
Discouraged work-seeker	22	124	3	6	-
Other not economically active	690	**703**	7	123	10
Age less than 15	-	-	-	-	-

Ward	Black African	Coloured	Indian or Asian	White	Other
years					
Not applicable	906	1208	6	159	9
30703007: Ward 7					
Employed	432	1066	10	166	16
Unemployed	106	383	-	17	1
Discouraged work-seeker	48	198	3	8	-
Other not economically active	321	950	2	78	-
Age less than 15 years	-	-	-	-	-
Not applicable	532	1695	8	141	6

Table 25: Geography and Official employment status by Population group for person weighted (Source: Census 2011)

Overview of Potential Opportunities

The Emthanjeni Municipal Council is working towards a sustainable Local Growth and Development Strategy which would be aligned with the Provincial Growth and Development Strategy. The aim of Local Economic Development is to create employment opportunities for local residents, alleviate poverty, and redistribute resources and opportunities to the benefit of all local residents.

The Council and the Local Economic Development Unit is constantly in discussion with members of the community and developers about new projects and developments. The new hospital is completed and is providing opportunity for further development for developers. Assessment rate rebates are also offered for new developments. Housing has become a critical issue for the municipal area (especially De Aar). This housing stock would have to cater for the middle income group and upwards, based on the increase of people entering employment. The municipality also commenced with an Urban Renewal Strategy by concentrating on the improvement of townships and closing of buffer zones. This strategy necessarily contributes in improving the economic opportunities in these areas.

Areas where Council wants to contribute to increase the economic value of Emthanjeni Municipal area are as follows:

- Upgrading of existing buildings and ensuring that dilapidated private property is addressed.
- Cleaner public environment
- Additional parking
- Provision of public toilets
- Promotion and marketing
- Tourist attractions
- Attracting new businesses to Emthanjeni

- Transportation (air, rail and road)
- Promotion of BBBEE
- SMME Development
- War on Leaks Programme

Other future planning and projects which Emthanjeni also concentrate on to increase Economic Development are:

- Development of N10 Corridor, linked to the National Solar Corridor (Northern Cape)
- Upgrade of landing strip
- Hanover and Britstown sewerage sites.
- Revitalization of Rail (Wagon Manufacturing Plant, Warehouse Hub)
- Upgrading of Nature School (Poortjie – Municipal owned)
- Development of industrial sites (Hanover / Britstown/De Aar).
- Urban Renewal Programme (Renewal of Townships – Kgotso Pula Nala Programme)
- Town House Development
- Lucerne Project
- Upgrading of Museums and Caravan Parks.
- Poultry Farm
- Water Purification Plant
- Upgrading and maintenance of parks in Emthanjeni
- Accommodation and Conference facilities
- Amusement and Fun Park (Recreational)
- Ostrich Farm – Waterdal

As a result of Transnet scaling down its activities as well as smaller businesses closing down from time to time, economic activity in the area appeared to be stagnant. With the Transnet opening of the R 30 million wagon refurbishment facility in De Aar, this situation seems to change. The De Aar wagons depot will maintain various types of wagons for Transnet Freight Rail, functioning as a satellite workshop for the Transnet Rail Engineering Beaconsfield Depot in Kimberley.

The hub has already created jobs and improved rail engineering skills in the area, 47 people, and 22 of them from De Aar had already been employed. An estimated 300 direct and indirect jobs would be created through this facility.

The Transnet Foundation will fully fund the De Aar Youth Precinct NGO for the first three years (2014-16). During this time, the Transnet Foundation will engage with other potential partners to invest in the precinct.

3.1 LED OBJECTIVES

LED Definition:

"Local economic development LED is an outcome: It is a continuous development process based on local initiatives and driven by local stakeholders. It involves identifying and using local resources and skills to stimulate economic growth and development. "Northern Cape Local Economic Development Manual (NCLEDM)"

3.2 LED Enablers:

LED is about communities continually improving their investment climate and business enabling environment to enhance their competitiveness, retain jobs and improve incomes. Local communities respond to their LED needs in many ways, and a variety of approaches can be taken that include:

- Ensuring that the local investment climate is functional for local businesses;
- Supporting small and medium sized enterprises;
- Encouraging the formation of new enterprises;
- Attracting external investment (nationally and internationally);
- Investing in physical (hard) infrastructure;
- Investing in soft infrastructure (educational and workforce development, institutional support systems and regulatory issues);
- Supporting the growth of particular clusters of businesses;
- Targeting particular parts of the city/town/region for regeneration or growth (areas based initiatives);
- Supporting informal and newly emerging businesses;
- Targeting certain disadvantaged groups.

3.3 VISION, MISSION AND OBJECTIVES FOR EMTHANJENI LOCAL MUNICIPALITY

The proposed vision is as follows:

"***Leading sustainable development for inclusive economic growth***".

The proposed mission is as follows:

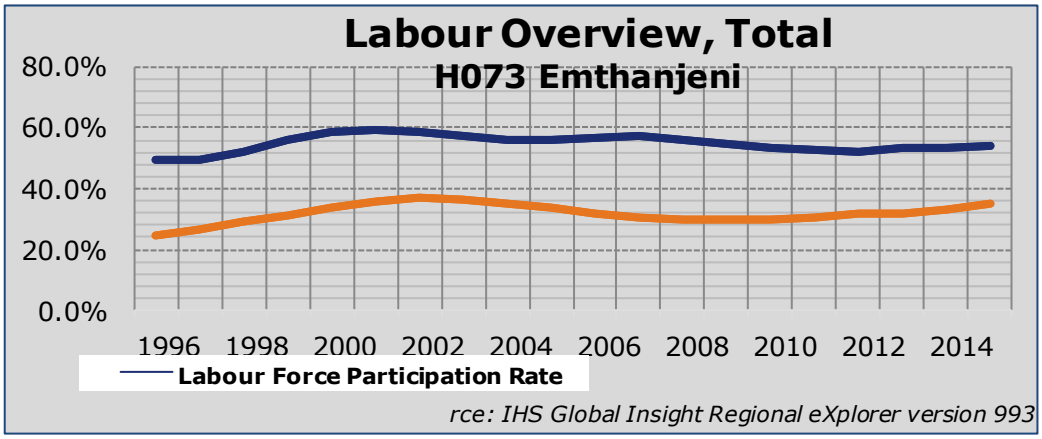
Mission–To creates a viable economic development plan that is relevant to the characteristics of the Emthanjeni Municipal area, designed to create and maintaina sound and healthy local economy, drawing upon localstrengths and resources.

This will be achieved through:

- Strategic partnerships and collaboration.
- Effective stakeholder communications.
- Supporting existing businesses and encourage the expansion and repositioning of desirable commercial and industrial uses.
- To increase the number of farms or agricultural land in thecommunity.

3.4 KEY STATISTICAL DATA

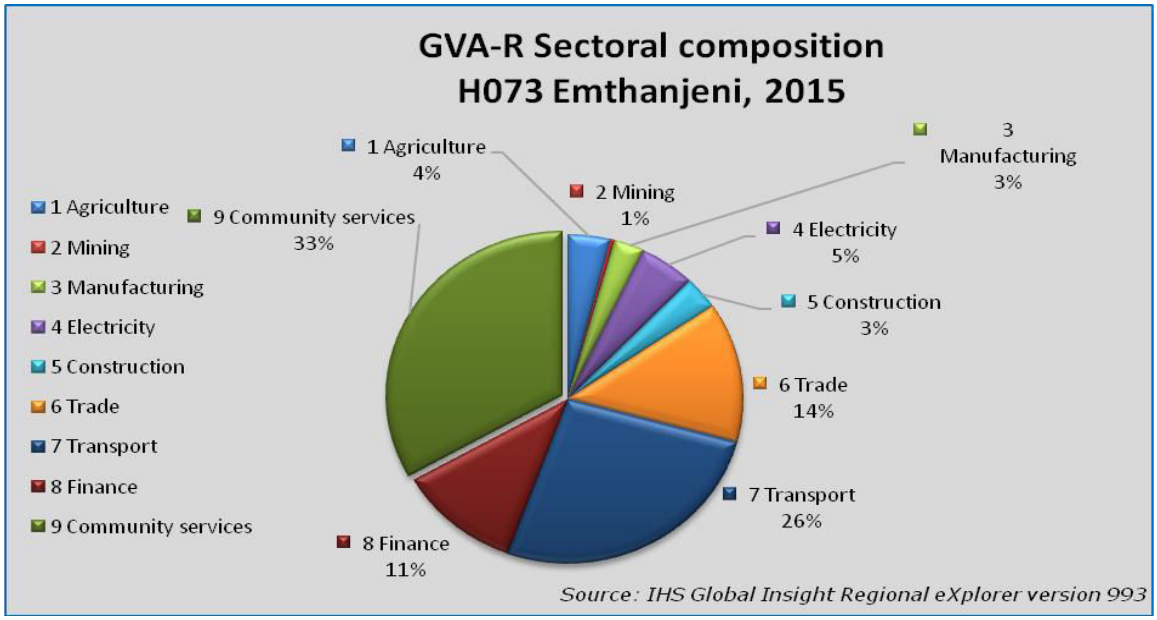
Figure 1: Employment status (2005 – 2014)



About 58% of the working-age population were unemployed or had stopped looking for work by 2005. Labor-force participation rates for Emthanjeni have remained low during the period 2007 – 2012 where it reached an estimated average of 53% according to the above figure, but showed an increase between 2013 and 2014.

The unemployment rate for Emthanjeni showed a downward slope from 2005 till 2007, it then remained flat till 2012. This is due to the temporary employment opportunities that were created through the construction of the solar panels. By mid-2014, the power plant reached commercial operations which led to the increased unemployment rate of 33%.

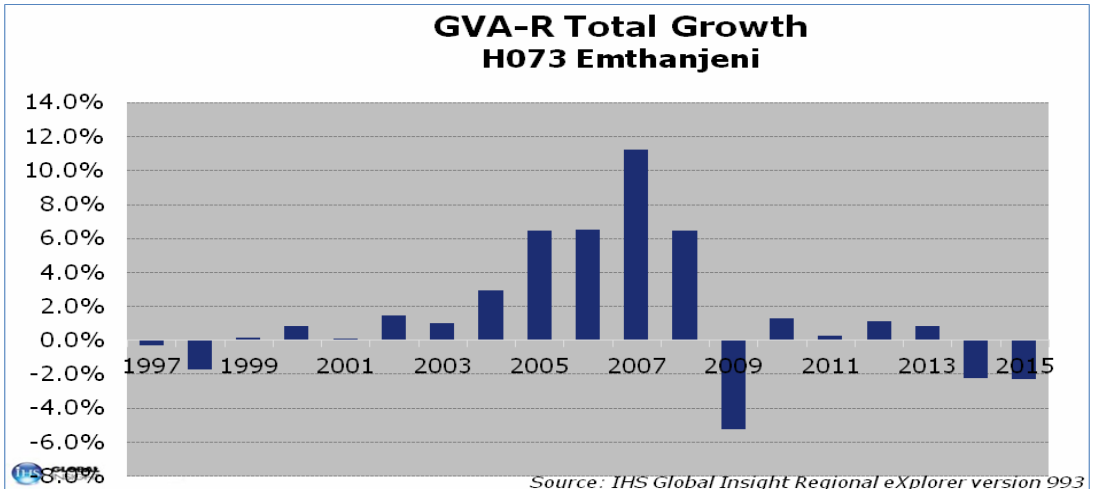
Figure 2: Gross Value Added (GVA) - 2015



It is evident from the figure above that Emthanjeni Local Municipality is dependent on community services which accounts for 33% of gross value added (GVA) during the year2015. Communityservices sector includes activities of government departments and agencies, education, public and private, health and social work, sewerage and refuge disposal, sanitation and similar activities.

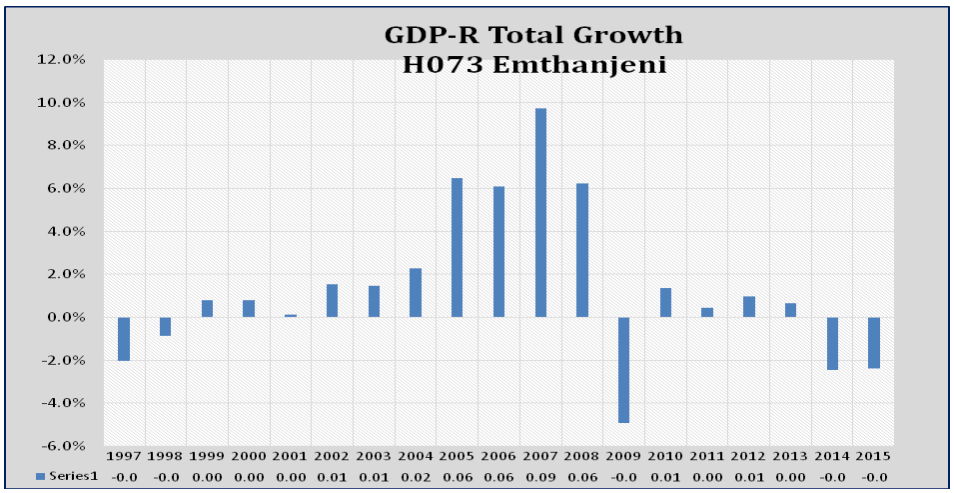
The transport sector contributes 26% of Emthanjeni's GVA. This is due to the central location of the area which lies within the N1, and N10 roads, and second most important railway junction in the country.

Figure 3: GVA-R Total Growth (2005 – 2015)



The GVA Total of Emthanjeni maintained at just above 6 percent in 2005 and 2006. It reached its peak of 11,2% in 2007. The negative growth in 2009 was due to the global economic recession. Due to a shortage of electricity there was a negative GVA in 2014 and 2015.

FIGURE 4: GROSS DOMESTIC PRODUCT (2005 – 2015)



Gross Domestic Product (GDP) comprises the value of all final goods and services, produced during a year, within the boundaries of a specific region and is commonly used to measure the level of economic activity in a specific area.

Emthanjeni Local Municipality experienced a growth of 6,5% during 2005. The growth rate reached its peak during 2017 of 9,7%. The decrease in GDP growth from 2008 – 2009 can be attributed to the global economic recession.

The municipal area experienced a negative growth of 2% during 2014 and 2015, this weak GDP growth outlook was due to electricity supply constraints and slow global growth.

3.5 Opportunities and Thrusts

The following are national economic pillars as adopted on the National Framework for Local Economic Development in South Africa which was launched in 2014. The pillars are aligned to the main thrusts and opportunities within Emthanjeni Local Municipal area to ensure an integrated approach for optimal rate of implementation and economic development in the municipality.

Pillar 1: Building a Diverse Economic Base

The first pillar focuses on building a diverse economic base. From a local government perspective, municipality must increase and sustain their revenue base. Therefore, the programmes under this pillar will focus on growing the local economy through industrial and sector-specific (e.g. Tourism, Mining, Agriculture, Manufacturing, etc.)

Pillars	Thrusts	Opportunity	Description
Pillar 1: Building a Diverse Economic Base	Industrial development	Development of industrial sites	Possible activities for this thrust are re-zoning of industrial land and development of infrastructure for services to attract investment.
		Uranium deposits	Emthanjeni municipal area has no mineral deposits; however, recent studies indicate the possibility of Uranium deposits around the area of Hanover.
	Tourism development	Restoration and listing of heritage sites	These thrusts are aimed at exploring the potential of Emthanjeni Local Municipality to become a leading tourism destination.
		Railway Museum	
		Establishment of hunting route and a springbok festival	
		Steam Locomotive tourism	
		Star parties	
		Development of N10 corridor linked to the national solar route	
		Upgrading of Museum	
	Agriculture and Agro-processing Development	Sheep, goat and cattle farming.	The development of the agro-processing industry will result in the production of goods to be beneficiated in the food cluster, the packaging, storage and transport hub, etc.
		Abattoir for meat processing	

Table 27: Opportunities & Thrusts

Pillar 2: Developing learning and skilful economies

This is an integrated issue that is central to the successful implementation of all the other pillars, as increased skills lead to increased opportunities for stimulating local economies. With the emphasis on Emthanjeni Local Municipalities being the lead driver of their own development paths, this pillar calls on local Economic Development Strategies that are supported by a clear skills plan. The pillar singles out four programmes: Tackling Basic Skills Gaps; Development of Workforce Skills; Enterprise and Entrepreneurship Programme; Developing Leadership and Management Skills.

Pillars	Thrusts	Opportunity	Description
Pillar 2: Developing learning and skilful economies	Knowledge economy	ICT skills	In terms of the knowledge economy, the district aims to move towards e-government services and currently 30 people are being trained on ICT skills.

Table 28: Developing learning & skilfull economies

Pillar 3: Developing Inclusive Economies

Creating decent work and sustainable livelihoods improves the living standards and ensures a dignified existence for individuals. These include support to the informal economy, sustainable livelihoods programmes in communities, inner city economic revitalization, township development, rural economy, youth and women empowerment, and leveraging economic opportunities from the Expanded Public Works Programme, including the Community Work Programme.

Pillars	Thrusts	Opportunity	Description
Pillar 3: Developing Inclusive Economies	Wildlife economy	Game farming	Hunting of small game such as Springbok is very popular around the Britstown area. Emthanjeni Municipality should look into economical viable sectors that are untapped. Major contributor to wildlife economy is hunting. Wildlife hunting is defined as the consumptive use of wildlife that is found in their natural habitat or under farmed conditions.

Table 29: Developing Inclusive Economies

Pillar 4: Enterprise Development and Support

The promotion and strengthening of entrepreneurship, support for small businesses remain an important priority and responsibility of government. The SMME sector is a vital one for the local economy, as most employment opportunities are created in this sector at a much higher frequency than most other sectors.

The focus on the role of Emthanjeni Local Municipality in this pillar should be incubation support, provision of enabling infrastructure for SMMEs, provision of advisory and referral support to cooperatives, office blocks for SMME's, Industrial land that encourages businesses, SMME and Co-operative development, etc. This pillar is also necessarily cross-cutting in the sense that it complements programmes within the other pillars: e.g. value chain opportunities from the pillar Building a Diverse Economic Base, and Developing Inclusive Economies.

Pillars	Thrusts	Opportunity	Description
Pillar 4: Enterprise Development and Support	SMME Development	Hydroponics Plant	SMMEs should be linked to government incentives as much as possible to ensure local procurement and employment.
		Ostrich Farming	Possible training of unemployed individuals in Ostrich farming and support of current famers to grow and sustain their

			businesses.

Table 30: Enterprise Development &Support

Pillar 5: Economic Governance and Infrastructure

This pillar on Economic Governance and Infrastructure is the single most important pillar that seeks to strengthen local government's role in economic development.

Pillars	Thrusts	Opportunity	Description
Pillar 5: Economic Governance and Infrastructure	Infrastructure development	Upgrading of a landing strip.	Infrastructure is an important economic enabler for attraction of investment.
		Development of route R388 linking Pixley Ka Seme and Estern Cape to reduce traffic	
		Revitalisation of rail	

Table 31: Economic Governance & Infrastructure

5. ACTION PLAN

Thrust	Activity	Responsibility	Target Date	Progress
Industrial development	Possible activities for this thrust are re-zoning of industrial land and development of infrastructure for services to attract investment.	Emthanjeni LM		
Tourism development	Marketing Emthanjeni Local Municipality as a tourism attraction area.	Emthanjeni LM Department of Economic Development and Tourism.		
Agriculture and Agro-processing Development	Support existing farmers and development of the agro-processing industry.	Emthanjeni LM Department of Agriculture		
Knowledge economy	Skills development for the unemployed youth in the ICT sector.	Emthanjeni LM Pixley Ka Seme District Municipality Department of		

		Economic Development and Tourism.		
Wildlife economy	Training of SMME's in order to become licensed hunters and protectors of the wild life.	Emthanjeni LM Department of Environmental Affairs		
SMME Development	SMMEs should be linked to government incentives to ensure local procurement and employment.	Emthanjeni LM Department of Trade and Industry Department of Small Business Development		
Infrastructure development	Upgrade of road and rail infrastructure.	Emthanjeni LM Department of Roads and Transport Transnet		

TABLE 32: ACTION PLAN

1. PROJECT PRIORITIZATION MATRIX

The project prioritization matrix can be used as a tool to identify projects the Municipality can prioritize in the IDP and LED strategy.

Rate each of possible projects against the listed criteria, by placing a 1, 2, 3, 4 or 5 in the relevant block. Where 1 is the lowest and 5 is the highest.

CRITERIA	***PROJECT#1***	***PROJECT #2***	***PROJECT #3***	***PROJECT #4***	***PROJECT#5***
Strategic Importance	Comparative advantage				
	Multiplier effect				
Economic Impact	Number of jobs created				
	Job creation sustainability				
	Income stimulation				
Feasibility	Low level of business risk				

	Minimal capital requirements				
	Little competition in industry				
	Few / no barriers to entry				
	High demand for product / service				
SMME Development	SMME development				
	Skills development				
Potential Anchor Project					
TOTAL SCORE					

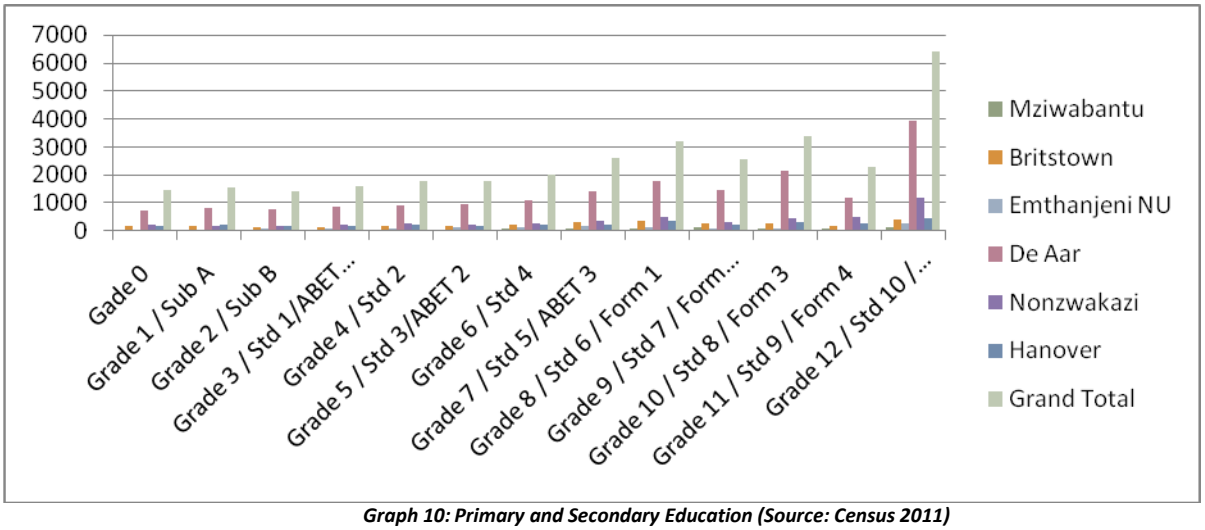
Table 34: Projects Prioritasation Matrix

2.5 EDUCATION

In the Emthanjeni municipal area there are 16 schools of which 13 are no-fee schools. According to Census 2011 7.5% have completed primary school, 34.6% have some secondary education, 23.7% have completed matric and 6.5% have some form of higher education. Of those aged 20 years and older 10.2% have no form of schooling. It is clear from statistics that people have achieved higher educational standards in the past 10 years.

Education	Mziwabantu	Britstown	Rural Area	De Aar	Nonzwakazi	Hanover	Grand Total
Grade 0	45	192	48	726	246	195	**1452**
Grade 1	54	174	66	831	195	219	**1539**
Grade 2	57	129	90	792	183	180	**1431**
Grade 3	54	147	96	852	237	201	**1587**
Grade 4	63	186	111	912	288	234	**1794**
Grade 5	45	204	156	954	231	195	**1785**
Grade 6	72	234	141	1086	267	231	**2031**
Grade 7	99	321	168	1401	357	249	**2595**
Grade 8	111	348	135	1764	507	360	**3225**
Grade 9	114	252	114	1485	342	249	**2556**
Grade 10	102	252	87	2145	462	324	**3372**
Grade 11	96	180	57	1206	489	261	**2289**
Grade 12	126	408	252	3957	1185	471	**6399**
Grand Total	**1038**	**3027**	**1521**	**18111**	**4989**	**3369**	**32055**

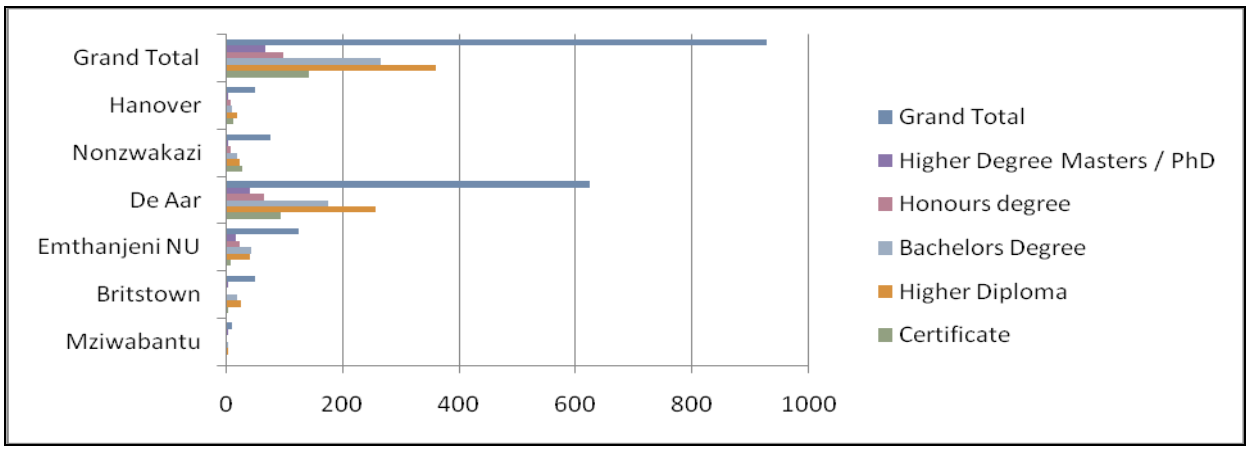
Table 34: Education Levels per Town (Source Census 2011)



Graph 10: Primary and Secondary Education (Source: Census 2011)

Tertiary Education	Mziwabantu	Britstown	Rural Areas	De Aar	Nonzwakazi	Hanover	Grand Total
Certificate	0		6	93	27	12	**141**
Higher Diploma	3	24	39	255	21	18	**360**
Bachelor's Degree	3	18	42	174	18	9	**264**
Honours degree	0	0	21	63	6	6	**96**
Higher Degree Masters / PhD	3	3	15	39	3	3	**66**
Grand Total	**9**	**48**	**123**	**624**	**75**	**48**	**927**

Table 35: Tertiary Education per Town (Source Census 2011)



Graph 11: Tertiary Education

2.6 PRIMARY HEALTH CARE: SITUATION ANALYSIS

The facility opened its doors on 5/10/2017 at one third of its capacity under the new management of Ms Mandy Saaiman. All wards were opened except for the rental unit and the CTOP units. Services have not been expanded to these wards.

The two theaters are running at full capacity with one surgeon and 6 Medical officers also rendering services to the local clinics in Emthanjeni. The hospital is planning to open the TB Unit with 10 beds to accommodate stable TB patients in order to bring the services closer to the community. Pixley ka Seme was identified as a high burden district with highest case load of MDR with the most patients admitted to West End in Kimberley. Drug Resistant Tuberculosis (DR TB) has become a huge concern Fortunately due to a proactive approach from Dept of Health MultiDugResistant TB have been declining in the Northern-Cape from 472 in 2015 to 309 in 2017 with Pixley ka Seme having reported 130 patients in 2015 with 95patients currently. The increase in the emergence of Extensively Drug Resistant TB (XDR TB) cases of 3 to 8 is however a huge concern. Once patients are XDR normal treatment does not work for them anymore resulting in treatment options been limited. Community members are encouraged to ensure that family members on treatment adhere to the treatment plan to stop the conversion of the bacteria to become resistant to treatment.

For the 2019/2020 - 2021 the district will narrow focus in the following delivery areas:

1. Increase Viral Load suppression for HIV pte & Smear conversión for TB pte
2. Reduce Lost to follow up of all chronic patients remaining in care
3. Reduce Maternal & Neonatal deaths
4. Improve Immunization coverage
5. Improve on School Health Programme
6. Improve on the Management of Non-communicable Diseases (Blood Pressure, Diabetes ect.)

NHI

The NHI concept is no longer piloted with funding from National DoH. Concepts of the module have become part of the day to day operations of all health facilities. Clinics are functional on an Integrated Clinical Service Management module with 4 different streams:

1. Acute Care/ Minor ailments
    - Patients in urgent need of attention
    - Acute unplanned illness (adults and children)
    - Acute follow ups
    - HIV positive patients for ART imitation
    - TB - diagnosis and initiation visit
2. Chronic treatment
    - Unstable chronic patients. Chronic meaning all communicable and noncommunicable diseases (HIV& TB incl)
    - Stable chronic patients
3. Mother & Child Preventative / Promotive care
    - Antenatal care
    - Family planning
    - Cervical smears
    - Well-baby and immunization
    - Health support services
4. Allied Health
    - All other supportive care
    - Rehabilitation - Occupational Therapy, Physiotherapy, Speech Therapy etc.

Once patients are stable on chronic medicine they are offered the opportunity to be registered on the CCMDD program. Through this program their chronic medicine can be delivered at their delivery point of choice as per registered list of points. In Pixley there are more than 10 collection points at private institutions as well as the 34 health facilities in the district. Currently there are more than 17000 patients registered on the program.

Public-Private partnerships have also been established with 13 Medical Officers who are rendering services throughout the district serving at the clinics and hospitals.

Clinic committees and Hospital Boards were officially appointed and trained for their huge task in ensuring quality health care throughout the district.

379 Community Health care workers have been absorbed as part of the staff component of the department. These officials ensure that the Primary Health Care Re-engineering concept is taken out in the community.

Services were also expanded throughout the district through the EPWP program combined with HIV grant to appoint 160 Health Facility Assistants that are working in different areas within the department assisting to improve the quality of services.

All of the above form part of the Ideal Clinic concept. This concept has also been rolled out to Ideal Hospital and Ideal Community Health Centre (known as the smaller hospitals). The district aims to have all it's facilities Ideal in order for their clients to have an Ideal experience when visiting. Due to budget constrains it has however not always been possible but with commitment and dedication from team health Pixley ka Seme Department of Health will always strive to achieve more.

The district conducted two large campaigns to improve screening for TB patients in both the Emthanjeni and Siyacuma sub-districts. In both these sub-districts the number of TB patients is increasing drastically. Community dialogs were conducted together with door to door visits and screening. In this financial year the district will definitely focus on improving TB treatment outcomes.

Co-infection between HIV & TB also remains one of the biggest contributing factors for TB outcome failure. Community members should not hesitate to seek treatment - the sooner you are treated the better the outcome. No one should die due to TB anymore, while adherence to treatment will ensure viral load suppression for HIV patients which will lead to enabling them to live a normal life.

Although Maternal & Child deaths are still occurring it has decreased between 20 - 40% at the different delivery sites. The district took a firm stand on investigating all deaths as one death is one death to many. All measurements are put in place to prevent future deaths through consequence management.

2.6.2 PREVENTATIVE SERVICES

- Immunization and healthy baby clinic
- Tuberculosis
- Family Planning
- Aids counselling and guidance

- Sexually transmitted diseases
- Ante-natal clinics

2.6.3 CURATIVE SERVICES

- Primary health care
- Hypertension treatment
- Diabetes mellitus
- Minor ailments
- Chronically ill patients
- Dispensary services provided by the Senior Professional Nurse

2.6.4 SPECIALIST SERVICES

Each month one of the professional nurses at the clinic is required to assist at the Specialist Clinic.

2.6.5 FOOD PREMISES

These services are now rendered by Pixley ka Seme District Municipality.Inspections and investigations are carried out weekly. All the premises that prepare foodstuffs received certificates of acceptability after they complied with the specifications and requirements. Specific attention is paid to the hygiene of kitchens and other workplaces where foodstuffs are prepared, and to the condition of the ablution facilities. Medical reports of food handlers are also controlled and training in health and hygiene is provided continuously. Inspectors also monitor the condition of the structure of the premises. Natural and artificial lighting and ventilation play a very important role in the building as well as the availability of hot and cold water at hand wash basins and sinks. Samples of food and used cooking oil are taken frequently and sent to the labs where the samples are tested. Inspections at pay-out points are also carried out to ensure that the informal businesses also provide safe and healthy foodstuffs to the community.

2.6.6 HYGIENE EVALUATION SYSTEM APPLIED AT ABATTOIRS

Meat inspections are carried out on a weekly basis at Eldorado Pig Abattoir. A service is also sometimes provided at private abattoirs – De Aar Abattoir and Môreson Abattoir.

SECTION 2

2.7 INSTITUTIONAL ANALYSIS

Emthanjeni Municipality was established in terms of Provincial Gazette Extraordinary No. 555 [Notice 30 of 2000] (as amended). The establishment brought together the Transitional Local Authorities of Britstown, De Aar and Hanover. Substantial work has been undertaken to structure and re-orientate the Municipality on an operational level so as to ensure its effectiveness for delivery on its developmental mandate as outlined in the Constitution and Emthanjeni Municipality's IDP.

2.7.1 EMTHANJENI MUNICIPALITY: POLITICAL STRUCTURE

The Section 12 notice published by the MEC for Cooperative, Governance, Human Settlement and Traditional Affairs (COGHSTA) determined that Emthanjeni Municipal Council, in terms of section 9(f) of the Municipal Structures Act 1998, would have a plenary executive system, combined with a ward participatory system.

The administrative seat of Emthanjeni Municipality is in De Aar and has satellite offices in Britstown and Hanover.

The Council consists of 15 Councillors of which 8 are Ward Councillors. There are 6 wards in De Aar and one each in Britstown and Hanover. The Municipality has a Mayor (non-executive) and a Speaker with the Speaker as the chairperson of the Council and the Mayor the chairperson of the Executive Committee.Council meetings are held quarterly; i.e. 4 per year. Special Council Meetings are held as the need arises. The Executive Committee meets monthly.

a) Ward Committees

Ward Committee members serve on the Ward Committee essentially to serve as a resource to the Councillor. A Terms of Reference was established for Ward Committees to understand the mission and vision of their Municipality. Ward committees are consultative community structures whose purpose is to broaden participation in the democratic processes of Council and to assist the Ward Councillor with organizing consultation, disseminating information and encouraging participation from residents in the wards.The proper functioning of ward committees remains a challenge for the municipality and can be addressed through continuous training, coordination and supervision. The Municipality has further implemented the issue of financial support to ward committees.

b) Standing Committees

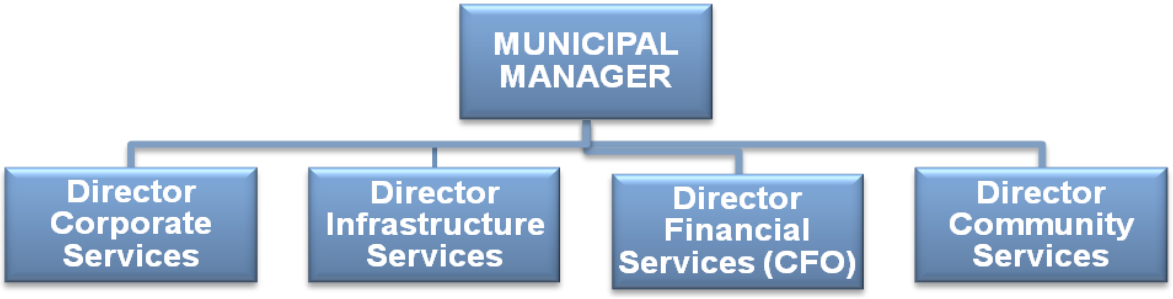
In terms of Section 79&80 of the Municipal Structures Act 1998 and Section 160 of the Constitution, standing committees have been established to assist the Council. After 2006 elections, standing committees were realigned to ensure a more effective manner in addressing the mandate of Council. The following Standing committees are functional:

- Rules Committee
- Infrastructure Service Committee
- HR and Corporate Services Committee
- Community Service Committee
- Municipal Public Accounts Committee (MPAC)
- Local Labour Forum (LLF)

EXCO Members chair all committees except Rules, MPAC and LLF and Committees meet bi-monthly to ensure effective processing of decisions.

2.7.2 EMTHANJENI MUNICIPALITY: ADMINISTRATIVE STRUCTURE

Emthanjeni Municipality implements its Integrated Development Plan through its administrative structure headed by the Municipal Manager with the following Directorates:



- Office of the Municipal Manager
- Directorate: Corporate Services
- Directorate: Infrastructure Services
- Directorate: Financial Services
- Directorate: Community Services

Graph 12: Top Management Structure

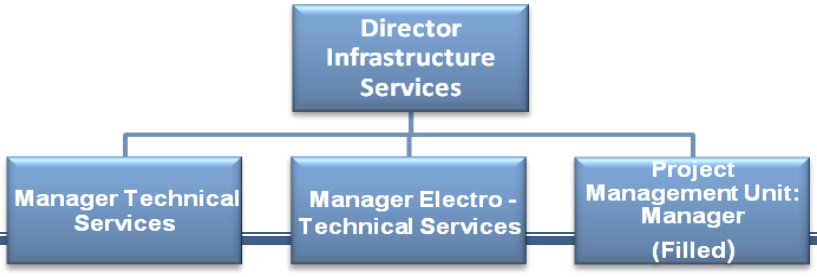
The approved organogram for the municipality has 413 positions for the 2017/18 financial year. 328 actual positions filled with 90 positions vacant. Vacancy rate 21.8%:

Directorate: Corporate Services


Director Corporate Services
Manager Corporate Services (Filled)
Manager in the Mayor's Office (Filled)
Manager Development and Strategic Support (Filled)

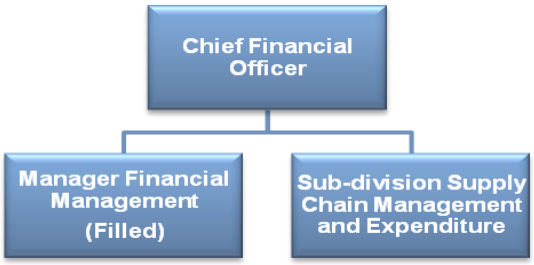
Graph 13: Corporate Services

Directorate: Infrastructure Services

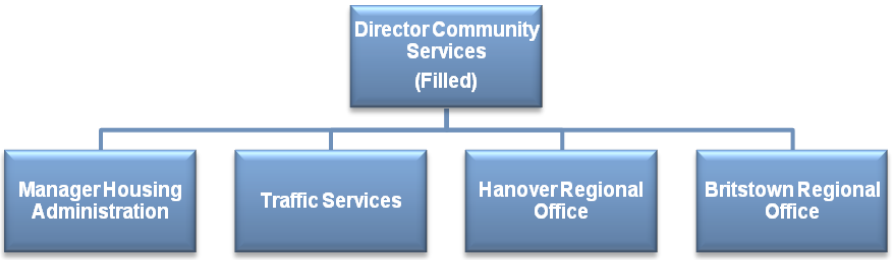

Director Infrastructure Services
Manager Technical Services
Manager Electro - Technical Services
Project Management Unit: Manager (Filled)

Graph 14: Infrastructure Services

Directorate: Financial Services



Graph 15: Financial Services



Directorate: Community Services

Graph 16: Community Services

2.7.3 Integration and Coordination: Political and Administrative Structure

The political and administrative structures work together to achieve the objectives of the municipality as set out in the IDP. The standing committees are linked to directorates as a strategy to ensure alignment. Some of the formal structures include the standing committees, Municipal Manager and Directors meetings and project working groups.

Municipal Manager and Directors Meetings

These meetings are convened by-monthly and make decisions on issues of strategic and operational importance, thereby contributing towards inter-directorate coordination. Senior Management has ensured that the organogram is realigned to ensure better performance and coordination of functions. Directorates are also implored to convene meetings to ensure that the flow of decisions do take place.

Project Working Groups

Although project steering committees are leading IDP project implementation, inter-departmental project steering committees could ensure integration in the planning and implementation phase. The IDP Steering Committee has this responsibility of ensuring that projects are monitored and reports are obtained on a regular basis.

2.7.4 POWERS AND FUNCTIONS

The powers and functions performed by Local Authorities in South Africa are defined primarily in Section 156 and 229 of the Constitution (Act 108 of 1996). The Local Government Municipal Structures Act (117 of 1998), read together with the Local Government Municipal Structures Amendment Act (33 of 2000), divides the powers and functions, as set out in the Constitution between District and local municipalities (Section 84). The Act together with the Amendment Act, Section 85(1), allows the MEC for COGHSTA to further adjust the division of certain of these functions between District and Local Municipalities, whilst Section 84(3)(a) allows only the Minister for Provincial and Local Government to authorize a category B municipality to perform the following functions

- air pollution - child care facilities - firefighting services - municipal airports - cleansing - storm water management systems - billboards & public display of advertisements - fencing of fences - local sports facilities - municipal abattoirs - municipal roads - pounds - refuse removal - street trading - municipal public works relevant to their constitutional or legal function - water & sanitation services limited to portable water supply system & domestic waste water and sewage disposal systems - control of undertakings that sell liquor to the public - traffic and parking - beaches and amusement facilities	- building regulations - electricity and gas reticulation - local tourism - municipal planning - municipal public transport - control of public nuisances - trading regulations - cemeteries, funeral parlors & crematoria - licensing of dogs - markets - municipal parks and recreation - noise pollution - public places - refuse dumps and solid waste disposal - street lighting - licensing and control of undertakings that sell food to the public - facilities for the accommodation, care & burial of animals - pontoons, ferries, jetties, piers and harbours -local amenities

Table 36: Powers and Functions of Municipalities: Section 156 of the Constitution

Municipal Function	Municipal Function Yes / No
Constitution Schedule 4, Part B functions:	
Air pollution	No
Building regulations	Yes
Child care facilities	Yes
Electricity and gas reticulation	Yes
Firefighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	Yes
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Storm water management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
Constitution Schedule 5, Part B functions:	
Beaches and amusement facilities	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	Yes
Facilities for the accommodation, care and burial of animals	Yes
Fencing and fences	Yes
Licensing of dogs	Yes
Licensing and control of undertakings that sell food to the public	No
Local amenities	Yes
Local sport facilities	Yes

Municipal Function	Municipal Function Yes / No
Markets	No
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	No
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

Table 37: Municipal Functional Areas

The Environmental Health Services was moved to the District Municipality as from July 2008. The function is now fully performed by the District Municipality. The Municipality has recognized the need for Environmental Management to be an operational function of the Municipality.

2.7.5 Municipal Policies and By-Laws

Section 11 of the MSA gives municipal Councils the executive and legislative authority to pass and implement by-laws and policies. The following are policies of the Municipality:

Policies developed/ revised	Date adopted
Recruitment & Selection Policy – Reviewed	03/09/2015
Whistle Blowing – Reviewed	26 January 2016
Nepotism Policy	29 November 2010
HR Plan – Reviewed	14/05/2015
Sexual Harassment-Reviewed	29 November 2010
Chronic Illness- Reviewed	29 November 2010
Substance Abuse- Reviewed	11 November 2014
Internet & E –Mail	29 November 2010
Uniforms & Protective Clothing- Reviewed	29 November 2010
Smoking	31 December 2012
Staff Statements to the Media	29 November 2010

Policies developed/ revised	Date adopted
Occupational Health & Safety	11/11/2014
Telecommunications	29 November 2010
Confidentiality	29 November 2010
Private Work	29 November 2010
Attendance and Punctuality	29 November 2010
Use of Official Vehicle- Reviewed	29 November 2010
Education, Training and Development – Reviewed	17 July 2014
Succession Planning Career Pathing – Reviewed	17/07/2014
Student Assistance-Reviewed	25/09/2014
Unpaid Leave	29 November 2010
Travel and Removal Expenses	29 November 2010
Work- Related Functions	29 November 2010
Legal Aid Policy for Councilors and Employees	29 November 2010
Housing Allowance	29 November 2010
Employment Equity	29 November 2010
Performance Management	27 January 2014
Financial Procedures	5 May 2011
Budget Policy- Reviewed	31 March 2017
Removal of Garden refuse	6 September 2011
Provision of Gravel and Red Soil for private purposes	6 September 2011
Public Participation	5 November 2011
Use of Municipal Vehicles	Reviewed 2017
Use of Mayoral Vehicle	31 May 2017
Directive on Unauthorized, Irregular or Fruitless and Wasteful expenditure	Reviewed 2017
Vehicle policy	21 January 2012
The Use of cell phone, telephone, internet and data card facilities	21 January 2012
Financial assistance for students (employees)	25 September 2012
Credit Control Policy	30 May2019
Indigent Policy	30 May2019
Tariff Policy	30 May 2019
Rates Policy	30 May 2019
Customer Care	30 May 2019

Policies developed/ revised	Date adopted
Investment & Cash Management	30 May2019
Supply Chain Management	30 May2019
Code of Conduct for Ward Committees	May 2014
Employee Dress Code Policy	May 2014
Guidelines Procedures on injury on duty	25/09/2015
Bereavement Policy	17/03/2014

Table 38: Municipality Policies

2.7.6 HUMAN RESOURCE DEVELOPMENT

a) Integrated Human Resource Strategy

The Municipality has in place a set of human resource (HR) management and development processes – including performance management, personal development plans, workplace skills planning which guides staff training and development, as well as a talent management – that are intended to create a "fit for purpose" organisation that is service delivery oriented. The HR department also uses an annual employee survey which informs its planning processes.

The intended Integrated HR Strategy will be a strategic initiative aimed at attracting, appointing, training, developing, retaining and managing employees. The integrated components of such a strategy will include:

- Departmental Staffing strategies and staff planning
- Skills assessments/audits
- Personal Development Plans
- Competency Management
- Attraction and Retention
- Training and Development
- Leadership Development
- Mentoring and Coaching
- Career and Succession Planning
- Individual Performance Management
- Workplace Skills Plan

Talent Management will be primarily a line management responsibility. The Strategic HR department will provide the strategy and policy framework, guidelines, training/coaching, and advice to ensure line departments are empowered to implement the interventions in the integrated talent management programme.

Line managers will be responsible for implementation and monitoring/controlling application of the interventions including the measurement of return on investment. The Training and Development department will be responsible for facilitating application in line with Training and Development policy and compliance with the requirements for reporting in line with the Workplace Skills Plan. Some of the interventions will only be successful if the Municipality invests in partnerships with COGTA, Province, SETA's, consultants/service providers and the private sector.

b) *Work Place Skills Plan*

WSP/ATR Pproposed Training Programmes: Emthanjeni Municipality 2018/19 Financial Year

The WSP/ATR of Emthanjeni Municipality was successfully submitted on 30 April 2017 last year.

The following projects were approved on the WSP/ATR for the employees/employed

Envirnomental Practice Learnership

11 Employees were identified to undergo this one (1) year learnership and successfully submit all documents to be deemed compliant. The accredited service Provider will be Talent Emporium. This programme will commence in due course.

Project Management Learnership

2 Employees were identified to undergo this one (1) year learnership and successfully submit all documents to be deemed compliant. The accredited service provider will be Isephephelo Consultants (Spectrum). This programme will commence in due course.

Municipal Governance NQF LEVEL 5

5 Employees were identified to undergo this one (1) year learnership and 4 employees were approved to undergo this training and submit all documents to be deemed compliant. The Accredited Service Provider will be Talent Emporium for the programme. This programme will commence in due course.

Electrical Apprenticeship

13 Employees were identified to undergo this three (3) year apprenticeship and the employees TO submit all documents to be deemed compliant. The accredited service provider will be John Isaac's Training (Pty) Ltd. This is an accredited training and will be over a period of 3 years.

Water & Wastewater Process Control

7 employees were identified to undergo this one (1 year) learnership and the employees submit all documents to be deemed compliant. The accredited service provider will be Takalani Training Academy. This training programme will commence in due course.

For unemployed the following projects were identified and approved:

Fire & Rescue Operations

18 Unemployed learners will receive training for Fire & Rescue Operations. The accredited service Provider for the Programme will be Khosithi Training Institute. The programme will commence in due course.

Electrical Apprenticeship Unemployed

13 Unemployed learners will receive Electrical Apprenticeship Training. The Service Provider will be John Isaac's Training (PTY) Ltd. This is an accredited training and will be over a period of 3 years.

c) *Policies*

Policies are a fundamental framework in the municipality as it regulates certain activities within the municipality.Various policies were either developed or reviewed to meet the administrative challenges of the Municipality. The Council adopted approximately 22 new policies during the year under review of which most were HR related.

During the year under review several policies were reviewed e.g. HIV & Aids Policy, the Subsistence and Travelling Policy and the Usage of Telephone Policy and Study policy which already table to LLF and HR committee just need council resolution.A new policy on Dress Code is currently in the process of being submitted to the LLF and Council for adoption.

d) *Employment Equity Plan (EEP)*

Council adopted an EEP which is valid for a term of five years (5). EEP reports are submitted to both Department of Labour and the Employment Equity Forum meeting in the province. During the 2015/16 financial year a new EEP will be submitted to council for approval.

e) *Employee Assistance Programme (EAP)*

The municipality was the first municipality in the District to embark on the implementation of such a programme based on the multitude of personnel challenges. Currently it is possible to detect the real problems and refer some of the staff members to Specialists and other service providers.Issues that need attention and are attended include Substance abuse, Absenteeism and abscondment e.g. Financial support / counselling / Employee health & Fitness programmes, etc.

2.7.7 Department of Corporate Services

a) Staff

The Corporate Service Department under the Director Corporate Services has 30 officials who are responsible for all administrative work, agendas and minutes, personnel matters, archives, telephone systems, typing translation and messengers.

b) Municipal Amenities

There are also 10 employees working at the community halls of Emthanjeni Municipality. There are also 9 employees working at the three libraries in De Aar and 2 in Britstown and Hanover and 2 temporary workers employed under the Library Development Fund as an attempt to reduce the unemployment rate in our communities and improved community service.

c) *Traffic and Law Enforcement*

The Traffic Department has a Superintendent (Head of the department), assisted by one Assistant Superintendant Traffic and one Senior Traffic Officer. The department has 8 Traffic Officers (1 vacant post) that performs dities in the different sections. Five Traffic wardens performing duties in regards to municipal by-laws and parking related offences. Ten support staff that reform duties in the different sections of the department.

d) *Fire Brigade*

The fire brigade consists of 16 volunteers and one fire truck to respond to fire emergency incidents.

2.7.8 DEPARTMENT OF FINANCE

a) Background

The financial department was over the years strengthened to ensure that the department function well and to the desired objectives of the Municipality. All staff members are accommodated in the new organisational structure.

Emthanjeni Municipality currently utilizes the Abakus system for financial processes and procedures comprising the following systems: consolidated debtors, creditors, stores, ledger, assets (incomplete) and cash book. New released financial systems, the supply chain, assets and national treasury reporting modules were released. The modules are fully electronic and integrated into the Financial Management System completely.

The Standard Charts of Accounts (SCOA) will revolutionize the financial systems within Local Authorities when it is implemented.

b) Structure

The Department has four divisions headed by Accountants, namely Revenue Unit, Expenditure Unit, Supply Chain Management Unit and Budget and Treasury Office. All these divisional heads report directly to the Manager: Financial Services. The Manager Financial Services report directly to the Chief Financial Officer (CFO) on all the operations of the financial department.

c) *Financial Viability*

The Total Budget of the Municipality amounts to **R287993563million totalrevenue**and **R305 655 457million total expenditure** and has a potential to be financially viable but is constrained by consumer priorities in terms of accounts payments. Our **Operating budget is R256450007and Capital budget R50205450million budget has increase by 0, 04% as compare to the previous financial year.**The increase is almost insignificant and it is our attempt to enforce budgetary control. The realization of revenue impacts on the expenditure management.For that reason, plans are already in place to gradually introduce pre-paid meters for all residential properties and, ultimately rolling it over to water. Before the roll out of pre-paid water meters, Council will consult with all

communities to explain the benefits of the initiative for maximising revenue collection – especially through aligning bulk purchases and sales and minimising bad debts.

Implementing this initiative on full scale is currently hampered by funding constraints and the aim is therefore to approach provincial and national governments and other funding sources to fund the initiative.

The following brief summary provides some overview of the financial viability of the municipality:

- Local Economic Development Strategies need to address unemployment and employment losses as the effect currently on the budget include *inter alia*: This can only be done through projects which are also dependant on sector department for funding. The council don't have capacity to create permanent jobs but through engagement with private sector few temporary are created.

    - About 4000 indigent households are expected.
    - About 4000 households will receive free basic water.
    - About 4000 households will receive free basic electricity.

- The municipality allocates 100% of its capital budget to new assets and limited provision is made for renewal of existing assets. (National MTBPS determines balance between reducing backlogs, investment in new infrastructure and renewing current infrastructure)

- The cost to provide free basic water, sanitation, electricity and refuse removal is **R 1 981 840 (2019/20).**

The budget allocation to improve quality of living (basic service delivery) is:

Services	2016/17 R'000	2017/18 R'000	2018/19 R'000	2019/20 R'000
Community & Social Services	11 569	12 730	13 471	13 577
Housing	2 203	2 396	2 373	2 527
Water provision	15 736	15 250	15 808	16 744
Waste water management	13 172	15 605	16 785	14 319
Electricity	69 354	75 182	19 689	84 995
Waste management	15 20	12 880	12 784	13 604

Table 39: Budget allocation to improve quality of life

The following are the major contributors to the ***total operating revenue budget***:

Service	Percentage	Outstanding debts	Comments
Property rates	10,95%	Outstanding debt end February 2019 in/decreased by R million or ..% on an annual basis	Residential property tariffs will increase by 6%& agricultural property will be levied according the ratio 1:0, 25.
Electricity	20,98%	End July 2019,all basic fees will increase by 6%	5 569 households (68 %) out of 8 160 households make use of pre-paid electricity. Household conventional and prepaid electricity

Service	Percentage	Outstanding debts	Comments
			tariffs will increase.
			Municipality provides 50 kW free to all indigent households
			The total percentage line losses by Emthanjeni in 2008/2009 were 13.91% and in 2009/2010 it was 19.52%. Total line losses are escalating every year as it reached 21.24% in 2010/2011.
Water	11%	Debtors decreased by 43% since July 2017	Municipality provides 6 kilolitres of water free to indigent households. Basic fee will increase by 6%.
			Municipality is implementing a sliding scale on actual kilolitres consumed & is applicable to all domestic consumers. A sliding scale is also applicable in cases where consumers are using pre-paid water meters
			Water distribution losses are 35%
			Water losses improved from 18.4% in 2013/2014 financial year to 25.25% in the 2014/2015 financial year. This shows a regress of 7% on water losses. New boreholes planned for De Aar in 216/2017
Sanitation	6,85%	Consumer debtors showing 11,81% from July 2017	Monthly levy calculated by multiplying tariff per kilolitre with predetermined percentage of water consumption as sanitation is basically using water as its main cost driver
Refuse removal	3,93%	Outstanding debtors decreased by 4,88% as from July 2017	Municipality charges house-holds per unit, but could not accurately indicate measures to monitor no of units removed per household to levy accordingly
Fines	1,42%		
Transfers	16, 86% of which 93% is equitable share grant.		

Table 40: Major contributors to Operating Revenue Budget

The following are some of the major findings regarding financial affordability and sustainability:

- The municipality is finding it difficult to fund CAPEX from internal sources and is mainly dependant on government transfers;
- The municipality acquired new assets to the value of R32.3 million in 2017/18 but there is insufficient revenue on repairs and maintenance;

- The municipality is experiencing challenges in collection of outstanding debt due and increase the risk of cash flow.

The following is a summary of the Debt Recovery statistics:

Details of types of account raised and recovered	2012/13			2013/14			2014/15		
	Billed In Year	Actual for accounts billed in year	Proportion of accounts value billed collected in the year	Billed in Year	Actual for accounts billed in year	Pro-portion of accounts value billed collected	To be billed in Year	Estimated turnout for accounts to be billed in year	Estimated Proportion of accounts to be billed that will be collected
	R'000		%	R'000		%	R'000		%
Property Rates	16 774	13 677	82.03	22484	17610	78.33	23 785	19 028	80
Electricity	38 591	37 165	96.30	45 964	43 896	95.50	53 614	50 933	95
Water	20 115	13 377	66.50	23 469	13 195	56.22	24 575	17 202	70
Sanitation	12 883	9 700	75.29	15 368	7 590	49.39	13 906	10 429	75
Refuse	8 278	6 497	78.49	8 796	3 699	42.06	8 347	6 776	80

Table 41: Debt recovery (Source: Annual Report 2017/18)

The following is a brief summary of some of the ***total operating expenditure budget***:

- The average employee related costs constitute 35%;
- Councillor remuneration constitute ±2%;
- Bulk purchases constitute 23% of which provision for payment of bulk electricity is 96% of the 22%.

The following is a brief summary of some of the ***Capital Expenditure budget:***

- The bulk of the capital budget is spent on trading services (64%) which is basically infrastructure related;
- The 2018/19 budget shows adecrease of – 6, 55% in comparison to 2018/19 adjustment budget. The 2019/20 MTREF period also shows an increase with an increase again in the 2020/21 financial year;
- Internally generated funding constitutes 11% of the total capital budget.

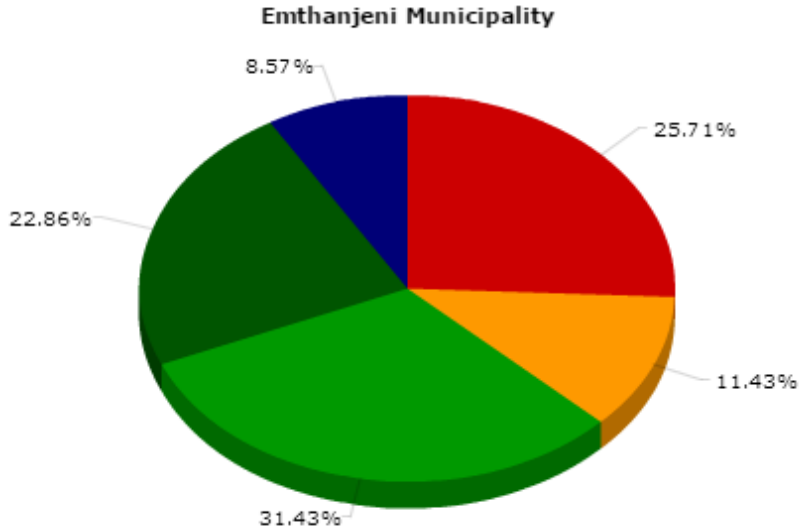
During the 2017/18 audit conducted by the Auditor-General various aspects of non-compliance with regards to performance were highlighted in the management report issued at the end of the audit. The following table explains the method by which the overall assessment of actual performance against targets set for the key performance indicators (KPI's) of the SDBIP is measured:

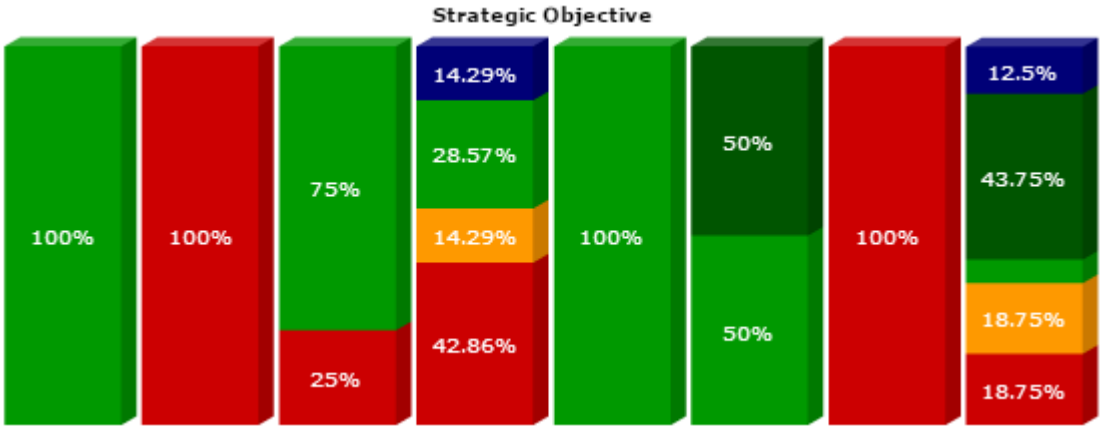
Category	Colour	Explanation
KPI Not Yet Measured		KPI's with no targets or actuals in the selected period
KPI Not Met		0% > = Actual/Target< 75%
KPI Almost Met		75% > = Actual/Target < 100%
KPI Met		Actual/Target = 100%
KPI Well Met		100% > Actual/Target < 150%

Category	Colour	Explanation
KPI Extremely Well Met		Actual/Target > = 150%

Table 42: SDBIP Measurement Criteria

The graphs below display the overall performance in terms of the Top Layer SDBIP per Strategic objectives for 2017/18:





	Emthanjeni Municipality	Strategic Objective							
		Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties	Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor	Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives	Maintaining a financially sustainable and viable municipality	Promote a healthy environment for all residents of Emthanjeni	Promote representative governance through the sustainable utilisation of available resources in consultation with the residents of Emthanjeni municipality	Promote the equitable creation and distribution of wealth in the Emthanjeni municipal area	Provision of access to all basic services rendered to residents within available resources
KPI Not Met	9 (25.7%)	-	1 (100%)	1 (25%)	3 (42.9%)	-	-	1 (100%)	3 (18.8%)
KPI Almost Met	4 (11.4%)	-	-	-	1 (14.3%)	-	-	-	3 (18.8%)
KPI Met	11 (31.4%)	3 (100%)	-	3 (75%)	2 (28.6%)	1 (100%)	1 (50%)	-	1 (6.3%)
KPI Well Met	8 (22.9%)	-	-	-	-	-	1 (50%)	-	7 (43.8%)
KPI Extremely Well Met	3 (8.6%)	-	-	-	1 (14.3%)	-	-	-	2 (12.5%)
Total:	35	3	1	4	7	1	2	1	16

Graph 17: Overal performance in terms of Top Layer SDBIP/Strategic Objectives 2017/18

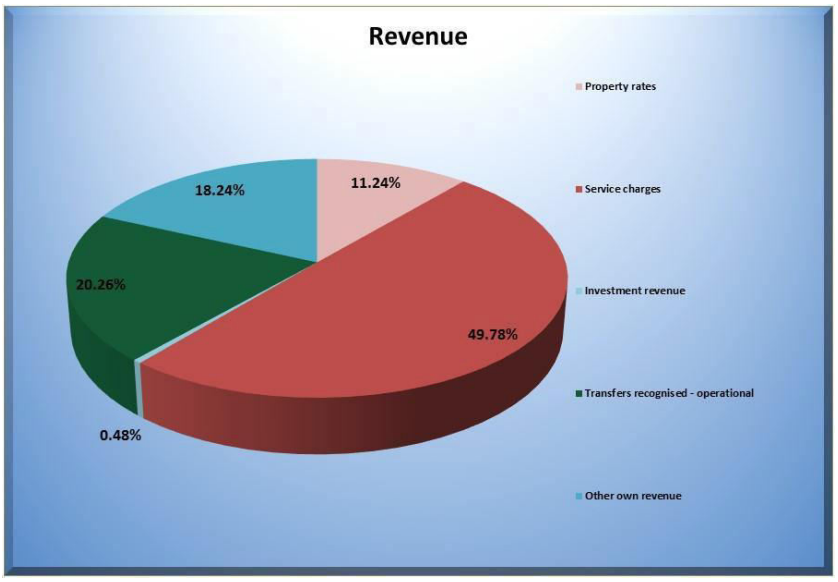
d) *Income & Expenditure*

e table below shows a summary of performance against budgets:

Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000	R'000	R'000		R'000	R'000	R'000	
2015/16	220 897 000	218 709 400	(2 187 600)		215 864	260 320	(44 456)	
2016/17	229 203 454	225 726 576	(3 476 878)		217 318	277 173	(59 855)	
2017/18	260 237 696	149 123	(1 113)		271 842	133 638		

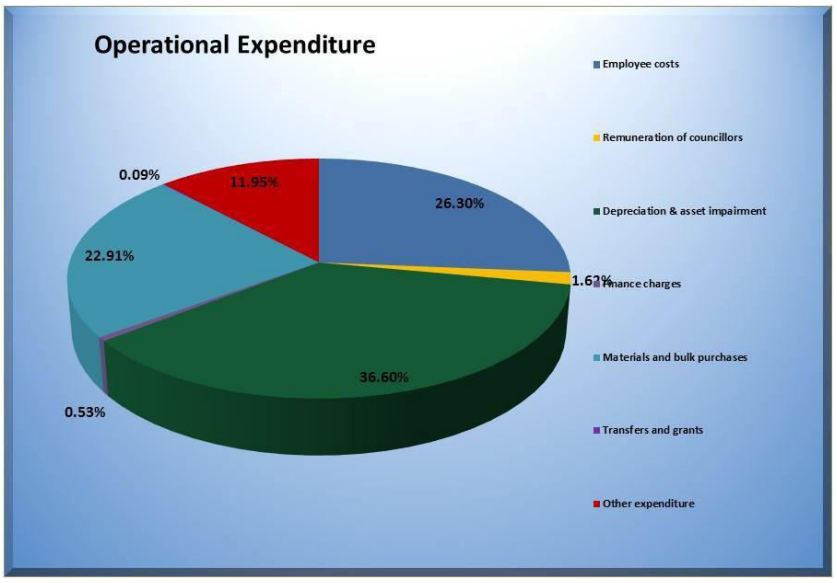
Table 43: Performance against budgets (Annual Report 2017/18)

The following graph indicates the various types of revenue items in the municipal budget for 2017/18.



Graph 18: Revenue (Annual Report 2017/18)

The following graph indicates the various types of expenditure items in the municipal budget for 2017/18.



Graph 19: Operating Expenditure (Annual Report 2017/18)

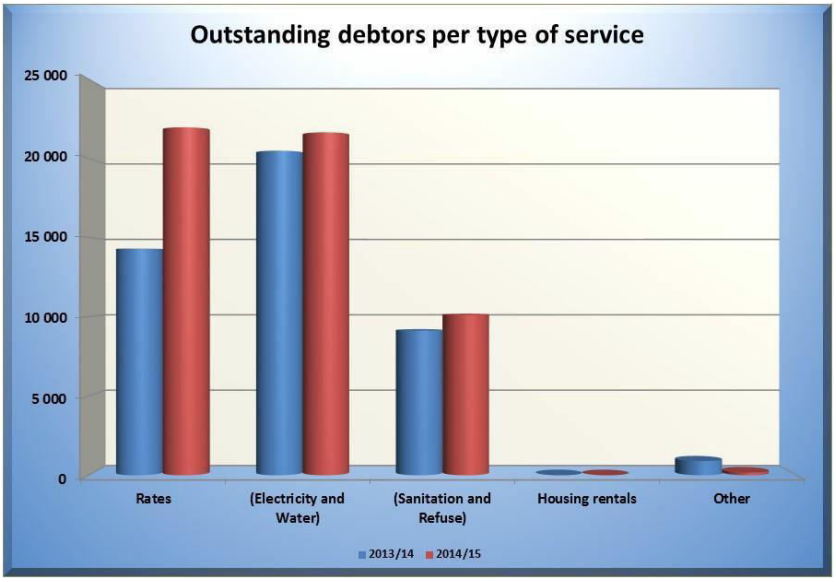
The municipality received R207 802million revenue for the year. Salaries and allowances were 33% of the operating expenditure for the year under review and the percentage is within the national norm of between 35 to 40%:

GROSS OUTSTANDING DEBTORS PER SERVICE

Financialyear	Rates	Tradingservices (Electricityand Water)	Economicservices (Sanitationand Refuse)	Housing rentals	Other	Total
	R'000					
2016/17	6550	31 595	14 199	60	10 486	62 890
2017/18	5726	42 304	15 064	76	8 465	71 635
Difference	(825)	10 709	865	16	(2021)	8 745
%growthyearonyear	13	34	6	27	19	14
Note:Figuresexcludeprovision for bad debt						

Table 44: ***Gross outstanding debtors' perservice***

The following graph indicates the total outstanding debt per type of service for 2017/18.



Graph 20: Debt per type service (Annual Report 2017/18)

Total Debtors Age Analysis

Financialyear	Lessthan30days	Between30-60days	Between60-90days	Morethan90days	Total
	R'000				
2016/17	8 712	1 034	859	35 393	45 999
2017/18	7 705	143	1343	47 064	57 547
Difference	(1 008)	402	484	11 671	11 549

%growthyearonyear	12	39	56	33	25
Note: Figuresexcludeprovision for bad debt.					

Table 45: ***Service debtorage analysis***

Level of Reliance on Grants & Subsidies

The municipality is reliant on grants to finance expenditure due to our limited revenue raising capacity. The following table indicates the municipality's reliance on grants as percentage for the last two financial years:

Financial year	Total grants and subsidies received	Total Operating Revenue	Percentage
	R'000	R'000	%
2016/17	50 699	214 793	**23,60**
2017/28	71 704	211 216	**33,95**

Table 46: Reliance on grants (Annual Report 2017/18)

e) *Auditor General Report 2017/18*

Audited Outcomes

Year	2015/16	2016/17	2017/2018
Opinion received	Unqualified	Unqualified	Unqualified

Table 47: Audit Outcomes (Annual Report 2017/18)

Table 48: Auditor General Report 2016/17

2016/17	
Main issues raised under emphasis of matter	**Corrective steps implemented / to beimplemented**
Unauthorised expenditure	
The municipality incurred unauthorized expenditure R76 893 98 during the year under review mainly due to over spending of the total amount appropriated for a few votes and department of the municipality's approved budget.	Unaithorised expenditure must be investigated and reported to Council.
Irregular expenditure	
The municipality incurred irregular expenditure of R85 92 680 during the year under review mainly due to non-compliance with supply chain management (SCM) requirements.	Irregular expenditure must be investigated and reported to Council.
Expendituremanagement	
Moneyowedbythemunicipalitywasnotalwayspaidwithin30days, as requiredbysection65(2)(e)oftheMFMA.	Municipalitywillensurecomplianceinthisregard

Reasonablestepswerenottakentoprevent unauthorized expenditureandirregularexpenditureasrequiredbysection62(1)(d) oftheMFMA.	BudgetaryReformsinrelation toUnauthorisedexpenditure andIrregularexpenditurewillbestrengthentoensurethattheseexpendit urearecontrolledeffectively
Internalcontrol	
Leadership	
Management did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.	Managementwill strengthenInternalControlsto ensurethatComplianceismet.
Management did not develop and monitor the implementation of action plans to address internal control deficiencies	Management will strengthen Internal Controls to ensure that Compliance is met
Financial and performance management	
Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting	Management will strengthen Internal Controls to ensure that Compliance is met
Management did not review and monitor compliance with applicable legislation	Management will strengthen Internal Controls to ensure that Compliance is met

2017/18	
Mainissuesraisedunderemphasisofmatter	**Correctivestepsimplemented/ tobeimplemented**
Unauthorisedexpenditure	
Unauthorisedexpenditureto the amount of R76893 986 that was incurred in the previous year was stil under investigation	Unauthorisedexpendituremustbeinvestigatedandreportedto Council
Irregularexpenditure	
Irregularexpenditureto the amount ofR8592680 that was incurred in the previous year stil under investigation	Irregularexpendituremustbeinvestigatedandreportedto Council
Material losses	
Material losses to the amount of R14 707 508(2017)(R11 080 882) was incurred which represents 17.64% (2017:11.62%) of total electricity purchased	Management will strengthen internal controls to ensure that compliance is met
Expendituremanagement	
Moneyowedbythemunicipalitywasnotalwayspaidwithin30days, asrequiredbysection65 (2) (e) oftheMFMA.	Management will strengthen internal controls to ensure that compliance is met
Reasonablestepswerenottakentoprevent unauthorized expenditureandirregularexpenditureasrequiredbysection62 (1) (d) oftheMFMA.	Management will strengthen internal controls to ensure that compliance is met
Asset management	
The muniaipality did not establish an investment policy that was adopted by Council	Management will strengthen internal controls to ensure that compliance is met
Strategic planning and performance management	
The performance management system and related controls were not maintained or were inadequate	Management will strengthen internal controls to ensure that compliance is met
Procurement and contract management	
The municipality did not comply with SCM regulations	Management will strengthen internal controls to ensure that compliance is met
Internalcontrol	
Leadership	
Management didnotexercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.	ManagementwillstrengthenInternalControlstoensurethatCo mplianceismet.
Management did not develop and monitor th eimplementation of action plans to address	ManagementwillstrengthenInternalControlstoensurethatCo mplianceismet.
Financialandperformancemanagement	
Managementdidnotimpleamnt proper resocrd keeping in a timely manner to ensure that complete, relevant and accurte information is accescible and available to support financial and perforrmance reporting	ManagementwillstrengthenInternalControlstoensurethatCo mplianceismet.
Management did not review and monitor compliance with applicable legislation	ManagementwillstrengthenInternalControlstoensurethatCo mplianceismet.

f) *Financial Performance*

In terms of the National Key Performance Indicators (as required by Local Government: Municipal Planning and Performance Management Regulations of 2001 and Section 43 of MSA), the following table indicates the municipality's performance:

KPA & Indicator	2014/15	2015/16	2016/17	2017/2018
Debt coverage (Total operating revenue-operating grants received): debt service payments due within the year	9.81	7.68	0,46	0,55
Service debtors to revenue – (Total outstanding service debtors: revenue received for services)	2.00	0.55	0,39	0,49
Cost coverage (Available cash + investments): Monthly fixed operating expenditure	0.59	0.96	0,04	0,02

Table 49: Financial performance (Source Annual Report 2017/18)

The Financial Performance for 2018/19 to be finalised as the year had not yet ended.

g) *Debt Collection*

The Municipality has a Credit Control Unit in place to collect all outstanding debt. All residents receive an account that indicates the due date for payments. After the due date all credit control actions start according to the Credit Control Policy to recover outstanding debt. Unfortunately the high unemployment rate and access usage on service contribute to high outstanding debt.

h) *Budget: 2019/20*

The total revenue budget for 2019/2020 is R287993563millionrevenue and R306 655 457million expenditure**.** The budgetcan be summarised as follows:

Revenue By Source	Budget Amount R'000	Expenditure by Source	Budget Amount R'000
Property rates	31 046	Employee Costs	87 969
Services	122 145	Repairs & maintenance	13 284
Interest received	1 035	General Expenditure	30 200
Interest on debtors	1 428	Provisions	658
Fines & penalties	4 022	Bulk purchases	69 351
Licences & permits	2 255	Interest expense – borrowing	2 038
Operating grants & subsidies	47 127	Grants and subsidies Capital	31 067
Capital grants & subsidies	31 067	Capital acquisition: own funding	5 351
Other income	29 701	Remuneration of Councillors	6 235
Rental of Facilities and Equipment	891	Bad Debts	7 420
Gains on Disposal of Assets	268	Contracted Services	9 805

Revenue By Source	Budget Amount R'000	Expenditure by Source	Budget Amount R'000
Borrowings	12	Depreciation	10 174
		Grants and subsidies operating	10 697
Total	**287993**	**Total**	**306655**
Surplus(Deficit)			**(-18662)**

***Table 50**: Budget Summary*

i) *Current Challenges*

The Department currently has the following challenges:

- Office space remains a huge challenge for the centralisation of the service so that it could interlink between the other divisions of the department;
- The upgrade of all computer equipment together with proper computer training of financial staff must be addressed in order to improve on systems development, systems reporting and, most of all, to serve the consumers better. The upgrade of the customer care together with the credit control section has been finalised and continuous renovations will be made;
- The implementation of mSCOA as a whole;
- The replacement of pre-paid electricity meters in Britstown will continue and other parts of the municipality. This effort will reduce the possible electricity losses that are being experienced due to a lack of proper monitoring caused by the age of the meters. This will also enhance credit control efforts as electricity meters will be connected to the new Prepaid Electricity Financial Systems. The eradication of electricity by-pass meters is also a top priority;
- The By-passing of Prepaid Electricity Meters and the illegal consumption of electricity contributes to the high electricity line losses experienced by the municipality;
- The non-payment of services accounts by economic active consumers led to cash flow challenges experienced;
- The Capacity of current staff to implement and apply GRAP standards remains an enormous challenge;
- The implementation of the Amendment Municipal Property Rates Act is also very problematic.

2.7.9 BASIC SERVICE DELIVERY

a) Infrastructure Services: Electricity

Electricity is supplied according to the Electricity Act 41 of 1987 as amended, the Municipal Electricity By-Laws as amended from time to time, the Occupational Health and Safety Act 85 of 1993, additional regulations as approved by Council and the conditions laid down by Director Infrastructure and Housing Services.

Emthanjeni municipality purchases its electricity from Eskom, through 3 intake points, which are De Aar, Britstown and Hanover. Records reveal that:

- The highest ever MD reached by the De Aar intake point was 11 217.24 kVA in July 2008. The NMD is 10MVA. The NMD is planned to be increased to 15 MVA to make provision for an anticipated extra load from the new De Aar hospital. The NMD was increased to 11 500 kVa (January 2015);
- The highest ever MD reached by the Britstown intake point was 1 212.08 kVA in July 2008. The NMD is however 600kVA. The NMD is planned to be increased to 1 300kVA to make provision of extra load from new housing projects in the area. The NMD was increased to 1 400 kva (January 2015);
- The highest ever MD reached by the Hanover intake point was 485.91 kVA in September 2009. The NMD is however 300 kVA. The increase to 600 kVA was completed in January 2015.

De Aar being the main intake point and the spine of the municipality electricity network has 30MVA installed capacity feeding directly from Eskom. This does not include the medium to low voltage distribution transformers.De Aar network will be able to take an extra 3MVA from supply on a 6.6kV network, which is primarily De Aar West, Industrial and Waterdal areas.

All households are basically electrified in the De Aar intake area. Extension of network has been done in Britstown intake areas to accommodate new housing developments in area in the 2010/2011 financial year.

The municipality, like many municipalities in South Africa who are licensed suppliers of electricity, has a maintenance backlog, which emanates from possible lack of funds, equipment and technical expertise. The status quo is posing a serious threat with regard to continuous supply of electricity. An application for funding was handed to the Department and the municipality is currently busy with the drafting of the Electricity Maintenance Plan.

There is a gradual increase on electricity losses in our system. A greater percentage of these losses are non-technical losses which could be avoided. There are a lot of bridged meters where consumers are receiving electricity free, but new meter seals LGm 110 type is purchased to place strict control on meters.

i) Staff

The Electro-Technical Services Division consists of 26 employees:

- Manager: Electro Technical Services;
- Engineering Technician (1) vacant;
- Network Superintendent (1);
- Electricians (4)
- Special Workman (2)
- Streetlight Attendant (1);
- Meter Controller (1);
- Handyman (3);
- Senior workers (2);
- General workers (4)
- Storeman(vacant)

- Trainess(7)

The Electro-Technical Services Division staff consists of suitably qualified electricians, which is a legal requirement. The Hanover and Britstown units now suitable qualified electricians with relevant experience. The division currently has one female apprentice; busy with in service training and eight of our employees are on the LGSETA programme and has completed phase one.

ii) Vehicles/Equipment/Store

The Department has vehicles and essential equipment to maintain the existing network and carry out limited construction work. There is plan to budget for a cherry picked one man bucket in the electricity department which have reached their economic life span. Minor construction work is undertaken internally but major construction and high tech work is sourced out.

The Department has its own store with equipment and material for daily use.

iii) Distribution Network

Supply

Electricity is purchased and supplied by Eskom at 22kV. Eskom supplies the De Aar Substation at 132kV from Hydra Substation (the largest substation in the Southern Hemisphere). The Eskom Substation is equipped with 1X20 MVA 132/22kV transformers with expansion facility for future. This point of Eskom supply is not a firm supply and thus poses a threat of extended loss of supply in the event the only feeder is lost.In the case of Britstown and Hanover, the supply is obtained from the 22kV rural networks.

a) 22kv strengthening;
   - De Aar-Britstown 22KV line rebuilt: R1m remaining, mid 2013(completed)
   - Victoria West-Britstown; completed;
   - Britstown- Volstruispoort 22kv line; completed;
   - De Aar Hospital feeder at De Aar substation(completed)

b) IPP projects Emthanjeni area / Pixley Ka Seme area with estimated project value (Eskom portion, excluding IPP generation plant). Estimated target date:
   - JC Mulilo (Feed in at De Aar Substation 10MVA): R2m, February 2014;
   - Solar Capital (De Aar) 2x 75MVA: Eskom substation R20m, link line R60m, February 2014;
   - Kalkbult Solar, Eskom substation: R14m, October 2013(completed)
   - Siemens/mainstream 36MVA: Eskom Substation R11m, April 2014.

c) Sector Head Office (Karoo Sector) roughly encompasses Pixley Ka Seme district borders.
   - Sector Manager and staff, De Aar (Power Road Complex vs Colesberg). 30 new staff(and families) magnitude of project depends on choice between Colesberg and De Aar.

d) Construction of 132kv extention at Hydra Sub Station to allow for an entry point for power generated by IPP's into the Eskom Grid (completed).

e) Construction of two new Sub Stations (Phiri and Ndlovo) to connect the two new Wind Farms at Swartkoppies and Philipstown respectively to the new station at Hydra (completed).

Primary Networks

The primary system voltage in De Aar is 22kV. A 22kV network supplies the main intake Substation (2 X 10 MVA) and to 2 X 5MVA in De Aar East with capacity for a third 1 X 5MVA Substation.The Medium Voltage reticulation network in Emthanjeni Municipality is divided into 3 distribution voltages.

- The 22kV in Britstown and Hanover;
- The 11kV in De Aar East, Barcelona, Caroluspoort and Nonzwakazi;
- The 6.6kV in De Aar West, Industrial Area and Waterdal.

Electricity is also supplied to Transnet, Sewage Disposal Works, small holdings, a number of farms and two borehole fields (10 boreholes and 2 booster pump stations providing drinking water to De Aar).

There is a load control system which is mainly used as control circuit for public light as opposed to a traditional timer and day-light switch. This load control is only in the De Aar area and works well as streetlights and/or high masts burning during the day are not being experienced.

Transmission

- Hydra 765kv extentionR453M, middle 2013;
- 765kv power lines from (Beta) Dealesville via (Gamma) to Cape Town (Kappa), passing at De Aar (Hydra);
- New Gamma 765kv substation near Hutchinson R 64m October 2013-03-06 Gariep strengthening project power transmission from Gariep dam to Newgate (Ruigtevallei 132kv) R30m, June 2013 to middle 2015;
- Kronos extension- Ganona strengthening (Copperton area): Information unavailable.

The main medium voltage infrastructure

Description	De Aar	Britstown	Hanover
22/6.6kV Power Transformers	2 X 10 MVA	N/A	N/A
22/11kV Power Transformers	3 X 5MVA	N/A	N/a
Total length of overhead MV lines	59km	16km	8km
Total length of underground MV cables	620m	0m	100m
Number of distribution substation at 400V	68	N/A	N/A
Number of distribution transformers	134	16	13

Table 51: Medium Voltage Infrastructure (Source: Emthanjeni IDP 2018/2019)

Secondary Network

The Low Voltage (230/400) V network consists mainly of overhead lines and underground cables in certain of the more affluent residential areas. Meters are inspected as preventative maintenance measure and tested on request or where faulty readings are suspected.

Description	De Aar	Britstown	Hanover
Overhead lines	59km	13.33km	6.67km
Underground cable	83km	670m	330m
Service connections	198	28km	7km

Table 52: Secondary Network (Source: Emthanjeni IDP 2018/2019)

iv) Emthanjeni Local Municipality's Distribution License Schedules

License No: NER/D/NC071

Schedue 1 Supply Area

The municipalarea(s) electrified and supplied by Emthanjeni Local Municiaplity as depicted by Goegraphic Information System (GIS) polygons. Customers being supplied by Eskom or any other Licensed Distributor are excluded from this license.

The areas in this license are as follows:

Area of Supply		NERSA ID
1.	Britstown	NED000346
2.	Mziwabantu	NED000347
3.	Proteaville	NED000348
4.	Barcelona	NED000349
5.	De Aar	NED000350
6.	Happy Valley	NED000351
7.	Industrial	NED000352
8.	Kareeville	NED000353
9.	Leeuwenshof	NED000354
10.	Louisville	NED000355

11.	Newbright	NED000356
12.	Nonzwakazi	NED000357
13.	Rantsig	NED000358
14.	Sunrise	NED000359
15.	Waterdal	NED000360
16.	Hanover	NED000361

Schedule 2 Tariffs and Prices

As approved by the National Energy Regulator of South Africa

Schedule 3 Amendments

Item No.	**Area of Supply**	**NERSA ID**
1.	First issue to Emthanjeni Local Municipality	June 2001
2.	Extension of license validity period until 30 June 2007	26 May 2006
3.	Extension of license validity period until 36 month after the promulgation of the relevant licensing regulations made under the Electricity Regulation Act, 2006(Act No. 4 of 2006)	June 2007
4,	Amandement of Schedule 1 to reflect exact areas of electricity supply with corresponding Geographic Information System (GIS) polygons.	5 April 2017

v) Street and Area Lighting

De Aar has about 3100 streetlights and 17 high mast lights. Britstown has about 320 streetlights and 3 high mast lights. Hanover has about 190 streetlights and 6 high mast lights.Some ad hoc streetlight extensions have taken place over recent years; however a substantial amount of capital is required to upgrade and extend street and area lighting networks.

Many outdated and ineffective streetlights luminaires exist throughout the municipality. There is an urgent need for replacement of all these luminaires with more energy efficient luminaires. There is one high mast in De Aar East which the

municipality cannot replace the lamps as it cannot be lowered due to a fault in the mechanism. Will bereplaced within the next lighting project. Streetlights and high mast lights reapired – ongoing.

vi) Electrification

Almost all houses in De Aar and Britstown have access to electricity. The network has been extended in recent years to make provision for new connection on low income group housing projects, with the last being the De Aar 115 project. .

Tornadoville and Kwezi in Hanover are being supplied by Eskom. Eskom is therefore responsible to extend network as and when required. The municipality; however play a coordinating role consuder and other reported faults are attended within the required time frame. Consumers are currently required to pay a call-out fee for an electrician to be dispended to attend that fault. This is indirect conflict with the NRS 047 and has been planned to be scrapped in 2012/2013 budget. The turn around time for all written and telephonic enquires is well within the confines of the NRS 047. The municipality are working on electricity cut-off list on a monthly basis.

vii) Electricity Purchases and Sales

	De Aar	Britstown	Hanover
Total Energy Purchased	48914949 kWh	4949414 kWh	2 271 846 kWh
Total Energy Sold	40 951 224 kWh	48 47 910 kWh	13 58 533 kWh
Total System Loss	79 63725kWh	101504Wh	913313 kWh
% Line Losses	**19.44%**	**2.09%**	**67%**

- Total energy purchased from Eskom for all three towns is 56 136 209 kWh;
- Total energy sold by Emthanjeni in all three towns is 47 157 667 kWh;
- Total energy loss by Emthanjeni is 89 785 42 kWh;
- Total percentage line losses by Emthanjeni are 19**%.**

The energy losses for the 2016/2017 financial year were 11.62% whilst the losses in the 2017/2018 financial year were 17.64%. This is an indication of a serious situation that needs to be addressed urgently. Failure by Emthanjeni to address the escalation of line losses will result in the intervention of NERSA which may affect the Municipality's Electricity Distribution License negatively. At present there is no backlog in the provision of electricity to households.

A greater percentage of these line losses are attributed to By-Passed meters. A good system of meter audit is needed urgently. A meter controller has been appointed and the municipality is busy with the replacement of seals (LGM type).

viii) Quality of Supply:

NRS 048:

The 6.6kV network in the De Aar intake point is equipped with 2 X 10 MVA transformers. The Maximum Demand ever recorded on one transformer is just above 6MVA. The municipality has a firm supply on this network. The MV network (22/11/6.6)kV in

De Aar is mostly ring configured which exception of few spur lines.A concern is that there is only one feeder feeding Nonzwakazi which in turn feeds Barcelona. Should anything happen to the Nonzwakazi feeder, it will result in both Nonzwakazi and Barcelona being without power until the feeder is brought to commission.Britstown and Hanover is also not ring configured.

NRS 047:

Consumer and other reported faults are attended within the required time frame. The turnaround time for all written and telephonic enquiries is well within the confines of the NRS 047.

ix) Challenges

The electricity network in general is very old. We are sourcing funding for refurbishment.

Streetlight luminaires are old and inefficient and there is a plan to replace it commencing in Voortrekker Road. This road has 250W HPS fittings which are cut off and of poor reflector system. We are planning to replace with LED lighting.

b) Infrastructure Services: Water

i) Policy and Statutes

- National Water Act 1998, no 36 of 1998;
- Water Services Act 1997, no 108 of 1997;
- Regulations relating to Compulsory National Standards and Measures to Conserve Water. (Water Services Act, No 108 of 1997;
- Water Services Plan for Emthanjeni Municipality, 2012/2013;
- Annual Water Audit and Report – 2011/2012 financial year;
- Regulations on Fluoridating Water Supplies (Regulations under the Health Act, No 63 of 1997);
- Strategic Framework for Water Services – September 2003;
- Water Services By-Laws, 2008.

ii) Water Sources

De Aar, Hanover and Britstown are dependent on groundwater (boreholes) from the following number of boreholes for each town:

- De Aar : 55 boreholes with a total monthly yield of 230 000 kl;
- Britstown : 16 boreholes with a total monthly yield of 26 000 kl;
- Hanover : 6 boreholes with a total monthly yield of 25 000 kl.

In the case of Hanover and Britstown the boreholes are located on the commonage. In De Aar the boreholes are scattered right around the town in all directions, with the furthest lying 35 km and located on private farms. The water is purchased from the landowners and purchase price ranges from 25c to 67c per kilolitre, depending on the existing contracts. The municipality are experiencing problems at their borehols. No water purification is done in any of the three towns.

iii) Water Network

- Reticulation – Currently there are 7 400 water connections as well as 147 km of water pipes in the reticulation network;
- Supply – At present there are 126 km of main water pipes, 68 boreholes, 6 pump stations, 5 reservoirs, 48 water level monitors and a telemetry borehole control system.

iv) Water Quality

To ensure that all domestic water supplies from municipal reservoirs and boreholes used for human consumption are of a high standard bacteriological testing and chemical analysis is done at regular intervals.

Water in De Aar, Britstown and Hanover is hard and the biggest problems are experienced with bathing, washing (water does not foam easily) and electrical appliances such as kettles and geysers. The high magnesium content of the water causes a bitter taste. Samples are taken on a regular basis and conduct on an annual basis a full SANS 241 water analysis of drinking water in De Aar, Britstown and Hanover. The objective of the analysis is to ensure that clean drinking water is provided to all consumers.

Current level of water and sewerage services for occupied premises – 2012:

A) Sewerage				
	No of Occupied Premises			
	De Aar	Britstown	Hanover	Total
Flushing toilets	5833	0	501	6334
Vacuum tanks	33	712	280	1025
Buckets	0	0	0	0
Dry sanitation	1	546	135	682
Total	**5867**	**1258**	**916**	**8041**

Table 54: Level of sewerage services for occupied premises

B) Water				
	No of Occupied Premises			
	De Aar	Britstown	Hanover	Total
In House	4012	514	427	4953
On site	1907	533	583	3023
Communal Standpipes	0	65 (informal)	0	65
Total	**5919**	**1112**	**1010**	**8041**

Table 54: Level of water services for occupied premises

v) Water Balance (losses) and Consumption

An annual water audit to determine water loss from boreholes to the end consumer is carried out in Emthanjeni Municipality.Water leakages, the major contributing factor to water losses, are repaired immediately and the public (consumer)

is regularly encouraged to report leakages. All water leakage repairs are recorded on a prescribed form. A Water Conservation and Demand Management Study were completed during 2004 and it contained various recommendations to reduce and manage water losses. (See attached executive summary - WSDP).

Water demand management is an ongoing process implemented to limit water losses and thus provide a cost effective service. A water audit was carried out for the 2010/2011 financial year and the water losses for the past three years are detailed below:

	2008/09		2009/10		2010/11		2011/12	
	KL	%	KL	%	KL	%	KL	%
Total abstraction	2 601 608	0	2 463 465	0	2 477 563	0	2 844300	0
Total sales	2 097 709	0	1 982 352	0	1 993 181	0	2365159	0
Bulk losses	212 524	8.2	184 359	7.5	178 330	7.2	163 118	5.74
Distribution losses	291 375	11.2	296 754	12.0	306 053	12.35	316 023	11.11
Total losses	**503 899**	**19.4**	**481 113**	**19.5**	**484 383**	**19.55**	**479141**	**16.85**

Table 55: Water Losses (Source: Annual Report 2017/18)

These losses occurred from borehole to consumer and include all forms of loss i.e. financial, faulty meters, leakages, un-metered supply etc. The water losses in the 2017/2018 financial year were 26.4% compared to 21% in 2016/2017. This increase is a direct result of a drop in the water table and the water meters meausuring air as water pumped. There is a 99% passing rate of water samples as per SANS 241.Meters are read on a monthly basis. Those stands still dependant on stand pipes in the streets or un-metered water connections are charged a basis tariff.

vi) Resource Protection

Over-utilization of boreholes is currently prevented by keeping abstraction within the prescribed abstraction rates and monthly maximum abstraction capacity of the boreholes. New boreholes are currently being developed in Britstown and the project is 95% complete. The development of new boreholes is planned for De Aar and the Implementation Readiness Study has already been completed. Construction will start during 2013/2014 financial year.

All boreholes have been provided with water meters which are read monthly and comparisons made with the abstraction capacity of the boreholes in order to prevent over-utilization of individual boreholes.

c) Infrastructure Services: Sewerage

i) Phasing out of the Bucket Sanitation

During the phasing out of the bucket sanitation in 2008 all buckets were replaced with full waterborne sanitation and dry sanitation (UDS) in some areas.The two areas where dry sanitation was provided are Britstown and a portion of Hanover.

ii) Current level of Sanitation

Sanitation	Buckets	UDS	Full water borne	Total
De Aar	0	1	5842	5843
Britstown	424	0	596	1020
Hanover	0	45	819	910
Total	**424 (5.5%)**	**92 (1.2%)**	**7 257 (93.4%)**	**7773**

Table 56: Current level of Sanitation

The residents of Britstown and Hanover are at present not satisfied with the dry sanitation and in the case of Britstown have totally rejected the system and are currently again making use of buckets. In Hanover 69 houses currently has dry sanitation. The residents view the two different types of sanitation as double standards and Council is under pressure to rectify the situation. The dry sanitation also poses a health risk for the residents.

The biggest challenge currently is the upgrading of the dry sanitation (buckets) to full waterborne sewerage. Business plans for funding hanve already been submitted but approval is still awaitied. The De Aar purification works had to be upgraded urgently and project approval has been obtained from MIG. The upgrading started during 2013/2014 and was completed during 2015/2016. The business plan for the upgrading of phase 2 has been submitted, awaits approval.

Cost involved: Hanover - R 17, 6m

Britstown - R42, 7m

Total - R60, 3m

The high cost is due to the fact that the sewerage works in Britstown has to be upgraded and a complete reticulation network provided and on site toilets installed. In the case of Hanover a sewerage pipeline of 300metres was installed during 2011/2012 financial year from Council's own funds and Council is currently busy to convert fifty dry sanitations to full waterborne sewerage. Making use of Council's own funds slows down the process considerable and external funds are required to speed-up the process.

d) Infrastructure Services: Roads and Storm water

i) Roads

Emthanjeni at present has 204 km of streets within the towns of De Aar, Britstown and Hanover, of which 131 km (65%) are gravel and 73 km (35%) are tarred. The gravel roads are graded on a quarterly basis.The Municipality currently budget for the construction of 20km of new tarred streets and resealing of 2km of streets annually. The Municipality annually makes provision in its won budget for resealing of roads but do not have the capacity to make a large contribution. External funding will be required to wipe out the backlog. Potholes are repaired on a regular basis.

ii) Storm water

Only the western part of De Aar has underground stormwater drainage. The rest of De Aar, Hanover and Britstown do not have any stormwater drainage. Storm water problems are being experienced in some areas during heavy down pours. Low-lying areas in these towns have also experienced flooding in the past. A storm water master plan for De Aar was completed in 2009 and the construction of storm water channels to the value of R20million is completed for phase 1. A three year business plan was submitted to eradicate storm water problems in all three towns (R36m) – 2017/18 untill 2019/2020 fiancial year.

Storm water drainage improvement is seen as critical for the municipality and it was agreed that it should be implemented with road construction.

iii) Current Condition of Roads

The gravel and tarred roads are in a poor condition and upgrading and resurfacing is urgently required. The tarred roads are especially a source of concern as very little resurfacing has been done during the past 20 years. As a result the road surfaces are crumbling. It is for this reason that Council committed the municipality to budget for the improvement of roads. Potholes are being repaired continuously in De Aar, Hanover & Britstown.

At present about 65% of all municipal streets are still gravel roads which cuase a great deal of inconvience rain and during strong wind. The tarred roads are in urgent need of resealing and problems are experienced with potholes especially after rain.

Private Sidings

Only De Aar has private sidings and they are in a reasonable condition at present. Due to the high cost involved, no preventative maintenance is carried out and faults are repaired only when a problem arises. The total length of the railway line is 1.54 km and serves 15 industrial sites. The private siding is current underutilized and is only being used by 1 industry.

Airfields: De Aar

De Aar has two airfields, one of which has a concrete runway. The municipal airfield has dirt runways and is registered with the South African Civil Aviation Authority and is inspected by them annually. A landing fee is charged according to the size of the aircraft.

The second airfield with the concrete runway is situated 12 km west of De Aar's central business district and is used by the Defence Force. The public however have limited use. The Airfields presents potential for the municipality.

Britstown and Hanoverboth towns have airfields with dirt runways which are not registered. These runways are used at own risk and the airfields are seldom used.

e) Community Services: Sanitation, Refuse Collection

i) Policy and Statutes

- Foodstuffs, Cosmetics and Disinfectants Act and Regulations (No 54/1972);

- Health Act 1977 (No 63/1977);
- Tobacco Products Control Act (No 83/1993);
- Tobacco Products Control Amendment Act (No 12/1993);
- National Water Act (No 36/1998);
- Occupational Health and Safety Act (No 85/1993);
- Health Service Professions Act (No 56/1974);
- Agricultural Pests Act (No 36/1983);
- Hazardous Substance Act (No 15/1973);
- Animal Slaughter, Meat and Animal Products Hygiene Act (No 87/1967);
- Businesses Act (No 71/1991);
- Atmospheric Pollution Prevention Act (No 107/1998);
- National Environmental Management Act (No107/1998);
- Environment Conservation Act (No 73/1989);
- Meat Safety Legislation (No 40/2000);
- Abattoir Hygiene Regulations (No 121/1992);
- Waste Management Act.

Positions	Towns	Number
Foreman	Britstown	1
	Hanover	1
Drivers	De Aar	3
	Britstown	2
	Hanover	2
Shift Workers	De Aar	4
General Workers	De Aar	39
	Britstown	6
	Hanover	6
Clerk	De Aar	1
Cleaner	De Aar	1
Cleaning Superintendent	De Aar	1
Operator – Front end Loader	De Aar	1
Operator – compactor	De Aar	2
Vacancies	De Aar	12
	Britstown	3
	Hanover	3
Casual Workers	Britstown	4

Table: 57: Staff: Sanitation, Refuse Collection and Community Services

ii) Vehicles and Equipment

At present Council have several compactors, vacuum tankers, night soil removal trucks, tractors with trailers and a front-end loader for the provision of essential services.

iii) Cemeteries

The Council has 8 cemeteries and most burials take place on weekends as people work during the week. In some cemeteries graves are dug in advance and again filled with loose soil. In other cemeteries the graves are dug on request or the community digs the graves themselves to save costs. At all the cemeteries problems are experienced with people damaging gravestones or removing fences.

The Council is currently busy upgrading the cemeteries in Emthanjeni. The cemeteries are being cleaned and the fences repaired or replaced. The vandalizing of graves has been discussed with the SAPS and the SAPS have been requested to visit the cemeteries during weekends when most of the vandalism takes place. The public has also been urged to become involved and the problem is also regularly highlighted in the local newspaper again.

iv) Waste Management

Essential services are provided on a regular basis throughout the entire municipal area. Refuse removals take place once or twice per week and black refuse bags or tarpaulins are used to remove domestic refuse from premises. Businesses and schools are serviced twice per week in De Aar.

Various specialised refuse removals are done daily in respect of garden refuse and building rubble. The Council also carries out various cleaning projects during which residential areas are cleaned. Littering is prevalent and causes numerous problems. Refuse is dumped at the refuse tips. Forms have already been completed for the registration of the sites. Consulting Engineering firms have already upgraded and brought the tip sites in De Aar up to standard. Problems are experienced at the sites as people have removed the fencing and there is no management and control. A contractor has been appointed for the first phase, once funds have been received.

Furthera local recycling concern is busy with recycling at the tip site. Recycled articles are removed on a daily basis from the site and light material is the covered with soil.

New vehicles have been purchased for the removal of refuse in Britstown and Hanover. The same staffs are used to remove household refuse and night soil. The refuse is removed by refuse carriers once per week and dumped at the refuse tip. No recycling is done and cleaning up campaigns is also carried out in Britstown and Hanover. Adequate equipment is not available and manual labour has to be used or a front-end loader has to be dispatched to the towns.

There are still some residential areas within the municipal area making use of buckets. The buckets are removed once per week. The contents are discharged into oxidation ponds. Buckets are washed and disinfected daily.

Buckets are still used in the following townships

- De Aar = 22 (Waterdal and Churches)
- Hanover = 3& 400
- Britstown = 546

Dry sanitation was also installed in Hanover and Britstown. In Britstown 69 houses have dry sanitation and 25 in Hanover. In other cases the only occupants of the houses were women. There were also houses only occupied by elderly people. The houses in Britstown are provided with a bag to collect the waste material. This bag is suspended in a frame. The bag is unfortunately difficult to handle in some cases and someone has to climb down into the structure to remove the bag. It was then decided that the General Workers would handle all aspects of the service. Even then the community was still dissatisfied with the system and the night soil buckets are still in use. In some cases the community had to handle the waste and they did not want to be involved in the process. The site where the bags are dumped is in the vicinity of the oxidation ponds. The site will be fenced in the near future as part of the job creation projects.

The system in Hanover operates differently. No bags are used there. The waste material is raked back and removed in containers when dry. Fewer complaints and problems are experienced here and the reason may well be because the occupants do not have to handle the waste.

v) Sewerage Purification

De Aar has conventional purification works situated about 5km north of De Aar. An activated sludge process is used to purify about 3800 m^3 of water daily. The purified water is used to irrigate tree plantations.

vi) Alien Vegetation and Weeds

Various alien plants and trees are to be found in the Emthanjeni Municipal area on private and municipal property.

Examples found in the area:

- Silver-leaf bitter apple (De Aar Sports Ground and De Aar East);
- Spiny Cockle Bar (Waterdal and Commonage);
- Jointed cactus;
- Oleanders (mostly private properties and parks);
- Prosopis trees (commonage, private and municipal properties, parks etc);
- Syringa trees.

The alien plants and weeds must be eradicated and combated for the following reasons:

- They use more water than indigenous plants and trees and this poses a danger to our groundwater;
- They displace natural vegetation and grazing and also result in a loss of biodiversity;
- They increase the danger of soil erosion and veld fires;

Currently the Department of Water Affairs is busy with an ongoing programme to eradicate Prosopis trees in the rural areas but it is also very important to combat propagation in our towns. Alien plants are regularly controlled on the advice of the Department of Agriculture and knowledgeable organisations.It is the Council's policy not to plant Syringa trees anymore and where they die to replace them with indigenous trees.

vii) Environmental Hazards

The whole of the Emthanjeni area, including 3 towns and rural areas, is dependent on groundwater for domestic and agricultural use and it is of the utmost importance that these subterranean sources are protected.

Possible Pollution Hazards

Sewage Purification Works – DE AAR

The sewage effluent is currently within the prescribed limits of the permit. The permit also demands that the purified water be used for irrigation, which is not currently being done. The possibility that the nearby boreholes on Paardevlei could be polluted is very unlikely but preventative measures should be implemented to preclude any such possibility.The likelihood of polluting the nearby Brak River is not known as no studies have yet been undertaken.

Pollution of Groundwater – BRITSTOWN (MZIWABANTU)

Mziwabantu is dependent on one borehole for domestic use.This borehole is situated 50 metres from the nearest houses, which would necessitate the right choice of a future sewerage system. The houses nearby have a vacuum tank sewerage system and sewer blockages will have to be addressed immediately. Care will also have to be taken to ensure that the vacuum tank is emptied regularly and is not allowed to overflow. The sewage oxidation ponds in Britstown are situated approximately 1 km from this borehole and it is unknown whether they pose a pollution hazard for the borehole. The borehole water should be tested regularly for any sign of pollution.

Waste Disposal Site – DE AAR

The De Aar waste disposal site was permitted on 31 October 2008 in terms of Section 20(1) of the Environmental Conservation Act, 1989 (Act 73 of 1989). The site is not operated in terms of the permit conditions. The site operations should be upgraded (access control with permanent staff and record keeping of waste on site). The landfill site is situated next to the De Aar Country Club and near to the town's reservoirs.

A detailed report on the lifespan and proposed management of the refuse tip, has been prepared as part of the co-operation agreement between Emthanjeni and Karlstad, Sweden.

The Hanover and Britstown waste disposal sites are in process of being licensed in terms of Section 49 (1) of NEMWA. The sites should be licensed in terms of Section 45 of NEMWA following the NEMWA licensed process and performing the required specialist investigation, including an EIA. The sites should be upgraded (properly fence, guard house, ablution facilities and storm water, control measures) and the sites operations should be upgraded (access controlled, waste compacted and covered on a regular basis).

Groundwater pollution – HANOVER

Notwithstanding the existence of septic tanks with French drains in Hanover, groundwater surveys have shown that the level of the groundwater table is shallow and that future sewerage systems would have to be chosen carefully to prevent pollution of groundwater. There are also stands in Hanover with private boreholes and windmills that have to be protected.

e) Commonage

The municipality had acknowledge the problem of working relation with the farmers as result since the old contracts were cancelled at beginning of last financial year, new contract had being developed and most of the emerging farmers are willing to sign them. This contracts will also assist in relocating farmers in campus accordingly and also encourage working relation and amongst them. Allocation of emerging farmers in campus had being done and according to capacity of their animals in order to also address overgrazing.

All three towns currently have commonage areas which are leased on a monthly basis, as well as land which has been made available to emerging farmers. All commonage land in De Aar is availed to emerging farmers. Management of the commonage and the shortage of land remain a challenge. The Municipality requires financial assistance to support emerging farmers. The Municipality already adjusted the organogram to include a Commonage Officer, implementation would occur in the next financial year.

The size of the commonage areas is as follows:

TOWN	COMMONAGE
De Aar	2 907 ha
Hanover	8 308 ha
Britstown	9 736 ha
Total	**20 51ha**

Table 58: Commonage area (Source Annual Report 2017/18)

Current challengesinclude overgrazing, land not available in the market, high prices of land and the vastness of the area. Other problems include fencing, repair of windmills and equipment and sourcing a market for the small farmers.The commonage is also experiencing problem of equipment like removable growl for Deeping. Secondly, there's problem of market for them, when they want to sell their cows, goats and etc in order to sell in those abattoirs for making profit. Their animals are too much but where can they sell or access market.

2.7.10 TOWN PLANNING AND BUILDING CONTROL

a) Project Management Unit (PMU)

The function of the PMU is to manage all capital infrastructure projects as well as the town planning activities. The personnel of this unit consist of a manager, building inspector and data capture. Only the position of the manager is currently filled.

b) Policy and Statutes

- National Building Regulations and Building Standards Act, 103 of 1977;
- SABS Code 0400, application of Act 103 of 1977;
- Regulations Relating to Public Garages PG 871/1973;
- By-law relating to Liquefied Petroleum Gas PG 311/1980;
- Northern Cape Development and Planning Act No 6/1998;
- Building Control By-law 2008;
- Advertising Sings and Disfigurement of the Fronts or Frontages of streets By-law 2008;
- Aerial Systems By-law 2008.

c) Structural plans

- De Aar Town Planning Scheme May 1985;
- Framework Plan : Future Extension De Aar East 1986;
- De Aar Area : Urban Structural Plan;
- Nonzwakazi : Local Structural Plan, August 1994;
- Hanover, Tornadoville : Local Structural Plan;
- Emthanjeni Scheme Regulations – 2004.

d) Staff

The Town Planning and Building Control function currently falls under the Manager: Project Management Unit. Both the posts of Town Planner and Building Control Officer are currently vacant. The post of Building Control Officer was advertised but no suitable applications were received. The job descriptions for both these posts are currently being revised and it is expected that the posts will be advertised during the 2016/2017 financial year.

From a SPLUMA point of view it is important that both these posts be filled as soon as possible.

e) Spatial Development Framework (SDF) and Land Use Management Scheme (LUMS)

Spatial Development Framework (SDF)

The existing SDF was evaluated by the Department of Rural Development and Land Reform and was found to require revision due to various shortcomings and also the requirement to comply with SPLUMA. The cost of drafting a SDF amounts to approximately R1, 5 million.

Land Use Management Scheme (LUMS)

The current Emthanjeni Scheme Regulations were drafted in 2004 but were never approved and promulgated by the MEC. The existing LUMS is now inadequate and a new LUMS will have to be drafted. As the current Scheme Regulations were not approved issues such as illegal tuck shops cannot be addressed. The cost involved in the drafting of a new LUMS amounts to R1, 5 million.

f) The Implementation of SPLUMA

Emthanjeni Municipality has taken all the necessary steps to be ready for SPLUMA. In view of the fact that the Municipality approved the option of a DMPT Emthanjeni Municipality will only be ready for SPLUMA once the DMPT has been established. The expected date for SPLUMA readiness is the end of April 2016. With a view to SPLUMA readiness the following steps have already been implemented:

(i) Municipal Land Use Planning By-law 2015 gazetted

(ii) Delegations/ (All applications will currently be dealt with by the DMPT until such time as a Professional Planner is appointed)

(iii) Municipal representatives on DMPT appointed.

(iv) Council resolved that a DMPT be utilized.

(v) Land Use application Tariffs and Bulk Infrastructure Contributions.

(v) Budgetary provision for DMPT related expenses.

(vii) Council approved external members of the DMPT.

g) Building Control

All building plans received are currently being dealt with within the prescribed legal time frames. The average time for approval of building plans at present is 2 weeks.

As a result of the shortage of staff in the Building Control Division, the following challenges are experienced:

- Building work is commenced without approved building plans;
- The quality of construction work does not comply with the requirements of the National Building Regulations and Building Standards;
- Various deviations occur such as building line encroachment, illegal tuck shops and erf boundary encroachment.

The following building plans were approved in the previous financial years:

Type of Service	2016/17	2017/18	2018/19
Building plans approved	87	70	54
Total area	10 225,02 sq m	6 968,56 sq m	4 930,17 sq m
alue (Building plan fee evaluation)	R25 929 607	R25 561 536	R53 882,94
New Residential Houses	10	8	3
Extension to Houses	66	56	43
New business buildings	5	0	1
Extension of businesses	5	3	4
Land use applications processed	1	8	11

Table 59: Buildings plan approved

2.7.11 MECHANICAL WORKSHOP

a) Statutes

Road Transportation Act 74 of 1977

b) Vehicle Replacement

A new fleet of vehicles was purchased for De Aar, Britstown and Hanover. The vehicle fleet operation, maintenance and replacement strategy is enforced by the Infrastructure department.

The Municipalitycurrently has a fleet consisting of 71 vehicles and implements. In the course of the 2009/2010 financial year 14 vehicles were acquired and in 2011 total amount of R9, 500,000 were availed for a new fleet.

The following vehicle acquisition programme for the next five years:

Financial Year	Description	Value R
2013/14	Front End Loader	1 400 000.00
	LDV's x 2	500 000.00
	Compressor	250 000.00
2014/15	Refuse Truck	1 200 000.00
	LDV	250 000.00
2015/16	Grader	1 200 000.00
	Suction Tanker	700 000.00
2016/17	Tipper	600 000.00
	LDV	250 000.00
2017/18	Tipper	600 000.00

Table 60: Vehicle Acquisition Programme

c) Vehicles and Equipment: Maintenance

The Workshop takes care of all repairs, services, certificates of fitness and roadworthy certificates, as well as fuel pumps.

f) Staff

The Workshop has 5 staff members:

Qualified Mechanics: 2

Artisan Assistants: 3

The costs of the Workshop are defrayed against the various divisions.

2.7.12 HUMAN SETTLEMENTS

The development of housing follows the Feasibility Process in which the rights to develop the proposed housing communities were acquired and the bulk infrastructure was confirmed. At this point it is accepted that township establishment has taken place and that the process of servicing the sites and construction and delivery of houses can take place.

The Municipality was engaged in a process to obtain Level Two Accreditation, but has remained at level one. An important matter to mention is that land available is not necessarily serviced and the Municipality will require additional funds to service the sites.

It must be indicated that the Municipality experienced visible improvement of service since the introduction of the Housing Unit to the municipality. From the IDP it is obvious that housing backlogs and delivery remain a challenge and a priority for Emthanjeni Municipality. The development of the Housing Action Plan aims to ensure effective allocation of limited resources. It provides a formal and practical housing priority for implementation with a focus on the IDP and identifies the strategic implementation plan for the 4114 housing need in Emthanjeni Municipal area.The total backlog is 4391 of which 250 is for Gap Housing.

Given the strategic decision to focus in the first instance on subsidy and Gap Housing, the needs can be summarized as follows:

Subsidy	4141
Gap	250
Total	4391

Cost Breakdown of Municipal Engineering Services, Direct Cost: Internal Services 400 sites

Financail Year 2018

Zoning size in m²	Street Front	Cost of water per unit	Cost per sewer	Cost of road per unit	Storm water per unit	Total cost per unit
243	9m	R3928,00	R6841,00	R22363,00	R3941,00	R37070,00

Table 61: Proposed financial commitment from the Department of Human Settlements

Most cost effective street front is 9m at 243m² at a cost R37070, 00 plus indirect cost at R656, 27 totalling to R43 626, 27 X 400

Budget for 2018 servicing of 400 sites amounts to R17 450 508, 00

Budget: 2019 Fiancial Year

Consttruction of 400 houses

Individual housing subsidy (Stand alone dwellings)

House cost - R 110 947, 00

Raw land cost - R 6 000, 00

Total subsidy - R116 947, 00

X 400 (houses)

Budget 2019 construction of 400 houses: R46 778 800, 000

2.7.13 EXPANDED PUBLIC WORKS PROGRAMME

The socio-economic status and conditions of Emthanjeni, with its high level of poverty, cannot be over-emphasized. For this reason, it is characterized by a high level of unskilled and unemployed number of residents.The Expanded Public Works Programme is exemplified as an all-embracing inter-governmental exercise which aims to mutually improve service delivery through efforts by the three spheres of government, Non-governmental Organisations, Community Based Organisations, Government Departments and other development protagonists to address the above-mentioned issue. The latter mentioned stakeholders and role-players will develop and absorb the unemployed residents into productive and meaningful employment through training and empowerment activities.

The programme is divided into four sectors (the environment and culture, social infrastructure and non-state sector). The sectors consist of a number of government departments with one department nominated to lead each sector. The Emthanjeni Municipality is committed to being an Agent of Change within its area of jurisdiction. Since the launch of this programme, the Municipality has been engaged with the Department of Roads and Public Works in terms of operational and implementing the EPWP.Another R1 000 000 was allocated to Emthanjeni Local Municipality from the EPWP Incentive Grant.

EPWP Report on Work Opportunities for 2017/18													
Project Name (funding)	**Work Opportunities for Month 2017/18**												
	April	**May**	**Jun**	**Jul**	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Total to date**
Revitalization													**114**
IG-Tarring of Piet Moos Street													**15**
RBIG-Refurbishment of boreholes	**17**												
Pothole repairs	**8**												
Storm water project													**26**
Total work opportunities													**180**
Total labour days													

Table 62: EPWP Report on Work Oppertunities for 2017/18

Other Work Opportunities for 2018/19													
Project Name (funding)	**Work Opportunities for Month 2018/19**												
	Apr	**May**	**Jun**	**Jul**	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Total to date**
Revitilization													**188**
Parks													**10**
Reseal project(own)													**10**
Piet Moos Street													**15**
Storm Water project(MIG)													**26**
Total work opportunities													**249**

Table 63: EPWP: Other Work Oppertunities for 2018/19

The municipality would further be applying for counter funding as the municipality already set aside funds (own capital) for the upgrading of municipal roads (labour intensive process to be followed). The Municipality has benefitted through the Incentive Scheme of the department for the 2011/2012 financial year through the DORA allocation. The Municipality will continue to find new and innovative ways to create jobs in the area. The Municipality welcomed the initiatives by NGO's and NPO's, through their different programmes. The Kgotso Pula Nala programme of the Northern Cape government is also welcomed and it will be a project of revitalization of Nonzwakazi. The programme would be extended throughout the Municipality.

2.8. SOCIAL DEVELOPMENT

2.8.1. YOUTH DEVELOPMENT

This domain has not been central to the priorities of the municipality, but with the introduction of youth forums, this is starting to change. We have been able to ensure that a dedicated person is appointed to lead youth development in the municipality. What will transpire in the municipality is that a local youth council will be established to take forward the interest of young people.

The Youth Unit will be beefed with the central task of improving youth development. The Council has agreed to prioritize youth development. We have seen certain programmes being implemented (youth centre, drivers' licenses, leaner ships, internships, computer training, entrepreneurial support, general job creation, advocacy work). The YAC has been transferred to Emthanjeni Municipality. The centre is providing the necessary services to the youth and we can only complement these services. We will continue to improve on the proportion that should or must be earmarked for the youth through the budget and IDP processes. We, however, require all the assistance that can be availed to the municipality to achieve its objectives.

2.8.2. CHILDREN

Children form a critical component of young people and remain high on the agenda of the council. Ways of engaging with the Department of Education and Social Development are being sourced.

The Office on the Rights of the Child was established in government to fulfil its commitment of promoting and protecting the rights of children. It is in this context that the Northern Cape provincial Government developed the Provincial Plan for children for the period 2014-2019.

This domain will become central to the priorities of the municipality with the introduction of youth forums. We have been able to ensure that a dedicated person is appointed to lead youth development in the municipality. What will transpire in the municipality is that a local youth council will be established to take forward the interest of young people.

The Youth Unit will be beefed with the central task of improving youth development. The Council has agreed to prioritize youth development. Certain programmes are being implemented (youth centre, drivers' licenses, leaner ships, internships, computer training, entrepreneurial support, general job creation, advocacy work).

2.8.3 HIV/AIDS INTEGRATED PROGRAMME

a) Guiding principles

- All workers with the disease shall be involved in all prevention, intervention and care strategies;
- No worker / employee nor their families and colleagues shall be discriminated against due to their HIV status;
- The status of female employees / women shall be confirmed, to prevent discrimination against them;
- Confidentiality and informed consent of all employees with respect to HIV testing and test results shall be protected;
- Services provided, i.e. Education, counselling and health care should consider the sensitivity of employee's culture, language and social circumstances;
- The municipality has a crucial responsibility to provide education, care and welfare to all employees;
- Capacity building will form the cornerstone to speed up HIV / Aids prevention and control measures.

b) A set of primary indicators and surveillance data

Emthanjeni needs a set of key indicators that can be used to track the overall response of the community to the epidemic. This means not only tracking the course of the epidemic over the next five years, but also tracking changes in attitudes, social values, health care practices, socio–economic conditions and behaviour that act as pre-disposing factors of the epidemic.

With a provincial HIV prevalence rate of 18.2% among woman attending antenatal care (National Antenatal HIV Prevalence Survey, 2010) the Northern Cape had the second lowest HIV infection rate in South Africa. The HIV prevalence rates differ greatly between the five districts with Pixley Ka Seme standing on 12.6%.

The following are some criteria for monitoring the epidemic:

General trends of the epidemic

Prevalence of HIV amongst antenatal clinic attendees (using national sentinel surveillance procedure)

Youth

- Prevalence of HIV amongst antenatal clinic attendees below the age of 18 years (using national sentinel surveillance procedure);

- Teenage pregnancy incidence and rate.

Prevention

- Proportion of STD cases effectively managed using syndrome treatment in the community;
- Percentage of sexually active women using condoms;
- Proportion of children leaving primary school who are fully informed of the causes and methods of transmission of HIV.

Socio-economic indicators predisposing to HIV transmission

- Proportion of household living below the minimum poverty line;
- Unemployment rate.

Abuse of women

- The number of reported rape cases;
- The number of cases of workplace abuse related to employees contracting HIV.

Social values, human rights and acceptance in the community

- The number of HIV clients;
- The number of homeless children, as a proxy indicator of the capacity of society to care for AIDS orphans;
- The number of people "coming out" as people living with AIDS.

Proposed objective-level indicators to use for the IDP:

- Prevalence of HIV amongst antenatal clinic attendees (using national sentinel surveillance procedure);
- Prevalence of HIV amongst antenatal clinic attendees below the age of 18 years (using national sentinel surveillance procedure);
- Teenage pregnancy incidence and rate;
- What indicators for impact on families etc.

c) Strategies

These strategies should be emphasised:

- An effective, scientifically proven and culturally appropriate information, education and communication (IEC) strategy;
- Escalating accessibility and acceptability to voluntary HIV testing and counselling to all employees as well as the community;
- Improve STD management and promote increased condom use to reduce STD and HIV transmission among all employees and the whole community, more condom distribution;
- To provide a support system for all who live with the disease.

The Strategic Plan is structured according to the following four areas:

- Prevention;

- Treatment, care and support;
- Human and legal rights;
- Monitoring, research and surveillance.

In addition, the youth will be broadly targeted as a priority population group, especially for prevention efforts.

Priority Area 1: Prevention

* Strategy 1: Promote safe and healthy sexual behaviour

* Strategy 2: Improve the management and control of STDs

* Strategy 3: Reduce mother-to-child transmission (MTCT)

* Strategy 4: Address issues relating to blood transfusion and HIV

* Strategy 5: Provide appropriate post-exposure services

* Strategy 6: Improve access to HIV Counselling and Testing (HCT)

* Strategy 7: Increase condom distribution (more condom points)

* Strategy 8: Promote medical circumcision (MMC)

Priority Area 2: Treatment, care and support

* Strategy 8: Provide treatment, care and support services in health-carefacilities

* Strategy 9: Provide adequate treatment, care and support services in communities

* Strategy 10: Develop and expand the provision of care to children and orphans

Priority Area 3: Human and legal rights

* Strategy 11: Create a supportive and caring social environment

* Strategy 12: Develop an appropriate legal and policy environment

Indicator	Indicator Type	Target	Year	Total
Infant Mortality Rate	per 1 000 live births	36 per 1 000 live births	2009	17
			2010	16
			2011	16
			2012	16
Facility mortality under 1 year rate	%		2009	6.8
			2010	6.9
			2011	6.9
			2012	8.2
Still Births Rate	%	2%	2009	2.1

Indicator	Indicator Type	Target	Year	Total
			2010	2.6
			2011	3.5
			2012	2.2
Immunisation coverage	%	90%	2009	95.9
			2010	88.4
			2011	94.1
			2012	99.2
Antenatal visits per antenatal client rate	No	4	2009	4.5
			2010	3.7
			2011	3.4
			2012	6.4
Number of facilities providing antenatal care	No	All fixed facilities (238)	2009	238
			2010	238
			2011	238
			2012	233
Maternal Mortality Ratio	per 100 000 live births	270 per 100 000 live births	2009	244
			2010	253
			2011	177
			2012	213
Maternal Mortality Ratio	per 10 000 total births		2009	26
			2010	18
			2011	25
			2012	26
Male condoms distribution rate	No	10	2009	6.2
			2010	9.1
			2011	8.7
			2012	7.2
Incidence of underweight children under 5yrs	%	1%	2009	0.9
			2010	0.8
			2011	0.9
			2012	0.9

Table 64: Progress review of the Health Sector in the Northern Cape

2.8.4 Libraries

The Emthanjeni Library Services is made up of 5 libraries within the Emthanjeni municipality. The as listed below:

- Hennie Liebenberg Junior Library
- Libra Library (Anna Petersen Librarian)
- Phandulwazi Library (Shiela Josi Librarian)
- Hanover Library (Beauty Kewana Librarian)
- WN Scheffers Library (in Britstown) Leana Nyl Librarian

There are 4 librarians at the different libraries. The total number of staff employed in these libraries is 15 complemented by 3 Library Development Programme Fund Workers (meaning staff remunerated via the Library Development Fund) and 2 EPW workers assisting in both Hennie Liebenberg and Phandulwazi Library.

In an area such as the Emthanjeni Municipality where there is a scarcity of informational centres it is therefore crucial to have fully functioning and well equipped libraries to cater for the various needs of the community of Emthanjeni Municipality to address issues of Un-employment, alcohol abuse and to encourage the culture of learning. In order for the community of Emthanjeni Municipality to address these issues, we need to have a well-informed society which can base its decisions based on information found in these libraries.

Management and funding of libraries in Emthanjeni Municipality

The chief librarian is the general overseer of all libraries of Emthanjeni which also includes the management of staff, facilities, outreach programmes, publicity of library programmes and any other duties that involve the general management of libraries and infrastructure. The libraries of Emthanjeni are being funded by the Department of Sports, Arts and Culture with the Emthanjeni municipality responsible for the remuneration of Employees.

2.9 SAFETY AND SECURITY

2.9.1 IMPORTANT TRENDS, PROBLEMS AND CHARACTERISTICS

a) Problems

- Crime (especially house breaking);
- HIV/Aids, especially along N1 route;
- Alcohol abuse.

b) Challenges

- To get more communities involved in social / community affairs;
- To obtain funds to address problems;
- To involve business;
- To alleviate poverty through job creation and other empowerment programmes;
- To encourage greater integration between various departments, municipalities and organisations;
- To create a data base for needs strategies and timeframes;
- Lights are required at the Wentworth Street Bridge near Nonzwakazi.

c) Crime Statistics

The provincial crime statistics for April- March 2003/2004 – 2010/2011 is available. The police stations in Emthanjeni Municipality does experience problems of crime especially contact crime (crimes against a person) and property related crimes. Most of the contact crimes are prevalent in and around taverns.The National Crime Situation indicates that the 20 serious crime tendencies can be breakdown into the following:

- Contact crime(crimes against the person);
- Contact related crime;
- Property related crime;
- Other serious crime;
- Crime detected as a result of police action.

Crimes heavily dependent on police action for detection include:

- Illegal possession of firearms and ammunition;
- Drug-related crime;
- Driving under the influence of alcohol or drugs;
- All theft not mentioned elsewhere;
- Commercial crime;
- Shoplifting.

Property crimes remain scattered and there are no particular hotspots for these types of crimes. Key action includes amongst others regular meetings with relevant role players to identify "hot spots" and crime tendencies / priorities within the sector.

d) Key departmental programmes of the SAPS:

- Administration;
- Visible policing;
- Detective service.

Note: Each programme has its own set of departmental objectives and key performance areas.

By–Laws do exist in the Municipality boundaries but not used to good effect specifically in De Aar. The communities still drink in public parks (Nonzwakazi) Street 3, Van Der Merwe Park opposite SASSA building, Rose Park (Voortrekker Street) as well as area called 'springs' (in De Aar town where there are 'braai' facilities). Currently there are no notices indicating "No drinking of liquor allowed" that will enable the SAPS to act accordingly.

Guidance regarding safety promotion as follows:

The MEC wants us to:

- Establish rapid response teams at district level to address crime integrated, e.g. the xenophobia issues, the unrest, etc.
- in most of the districts we have our stakeholders meetings already. We just need to beef up.
- Municipalities to have community safety plans to address the prevention of crime in their areas.

- Support, guide and monitor the impact of the following programmes at local level:
    - Status of school safety per municipality / district – safer schools,
    - Status of projects / programmes to address substance abuse per municipality / district
    - Status of projects focusing on the vulnerable groups
- Conduct outreach campaigns to make communities, with specific reference to vulnerable groups, aware and inform them about safety issues.

CHAPTER 3

CHAPTER 3: OVERVIEW OF 2018/19 FINANCIAL YEAR

3.1 PROJECTS IDENTIFIED AND IMPLEMENTED: 2018/19

As can be viewed from the IDP Review Process of 2018/19a number of projects has been identified to enable the fulfilment of the strategic objectives of Council. This section serves to provide a short overview of the progress regarding the completion of these projects as it provides a base on whether the projects are completed, whether it would have to be carried over into the new financial year or whether it is incomplete.

The projects are outlined as per the strategic objectives:

- KPA 1: Basic Services and Infrastructure Development
- KPA 2: Institutional Development and Municipal Transformation
- KPA 3: Good Governance and Public Participation
- KPA 4: Financial Viability
- KPA 5: Local Economic Development
- KPA 6: Safety and Security
- KPA 7: Social Development

During the session of Council with Directors in March 2019, a detailed review was done on these strategic objectives and most of the projects were reviewed. The full report on this review is attached.

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2018/19	Status
Electricity	1-8	General maintenance to transformers of the municipality			Emthanjeni – Maintenance budget	350 000	58,3% completed
Sanitation	6	Waterborne sewerage for Hanover	Approved business plan		MIG R16m		In process
Sanitation	7	Water borne sewerage for Britstown, Phase 2	Feasibilty Plan for Bulk Sewer		WWTW =R26m		Project will be completed over multiple financial years
Water	1-5	Development of additional Boreholes, De Aar	% completion		RBIG Total =R60m		Await WUL, co funding outstanding
Electrical		Upgrading of Electrical Network in Waterdal, Nonzwakazi & De Aar East			Emthanjeni		Funding received for phase 4
Building		Capital additions and repairs to municipal buildings/office	% of budget spend	90%	Emthanjeni	643 370	Continuous
Housing/ Community Services	1-8	Building of Houses in Emthanjeni (Hanover 195)			COGHSTA		Planning & rezoning completed
Housing		Emthanjeni municipal area [De Aar 2386, phase 1]			COGHSTA, DALRRD		Identification completed Ongoing/ No

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2018/19	Status
							funds allocated
Infrastructure	1-5	Storm water drainage upgrade (phase 2)			MIG=R36m	R12m	Project will be completed over 3 financial years
Infrastructure / Development	1-8	Ward Development Programme	Report on implementation of projects		EmthanjeniT=R8,4m	2 100 000	Continuous
Water	7	New Water Reservoir(Britstown)			MIG		Project will be completed over 3 financial years
Electricity	1-8	Prepaid Electricity Meters		400	Emthanjeni, MIG T=R3,3m	600 000	Busy
Community Services	1-8	Upgrading & maintenance of parks, open space and walk-ways within the Emthanjeni Municipality/Freedom Parks			DENC T=R2,5m	2 500 000	No funding allocated. Need Business Plan
Infrastructure	1	Constrcution of Piet Moos Street	100 % completed	100%	DPW (EPWP)		Currently busy with laying the base coarse with tipper trucks

CHAPTER 4

CHAPTER 4: STRATEGIC AGENDA

4.1 INTRODUCTION

Strategic Planning is central to the long-term sustainable management of any municipality. Hence, the municipality developed a 5-year strategic plan, i.e. for the period 1 July 2016 to 30 June 2021 as part of an integrated governance system of planning and delivery. In this regard, the plan includes directives to achieve the municipal vision, to promote the national and provincial developmental agenda, to expand and enhance municipal infrastructure, and to ensure that all residents have access to essential (basic) services. This plan (and process) serves as a framework for service delivery and must inform the following:

- The annual budget of the municipality;
- The budgets and investment programmes of all sector departments (national and provincial) which implement projects or provide services within the municipal area;
- The business plan(s) of the municipality;
- Land-use management guidelines;
- Economic promotion measures;
- The municipality's organisational structure and management systems; and;
- The municipality's monitoring and performance management system.

The following high-level strategic directives were developed as part of the current five-year local government planning and implementation time-frame, i.e. 2013 to 2018.

The point of departure is to formulate a vision for the municipality and to formulate and prioritise key strategic objectives in line with the national strategic objectives. Following from the strategic objectives, key performance indicators with projects are identified that will ensure that the vision is reached.

The following outlines the process of Emthanjeni as identified and formulated during the original drafting of the IDP and the review processes, including the review of 2019/20:

4.2 VISION

During the Strategic Session on 26-29 March 2019, the vision was reviewed from:

"A centre for development and service excellence focused on economic development in pursuit of a better life".

To

"A centre for development and service excellence focused on economic development in pursuit of a better life for all".

4.3 MISSION

"To provide a quality service at all times and:

- Value our resources both human and financial

- Develop an active citizenry
- Create a conducive environment for economic growth"

4.4 CURRENT CORPORATE VALUES

The Emthanjeni Municipality is anchored in the following fundamental values:

- **Service Excellence**: We are never satisfied with yesterday's way of doing things and are always looking for new ways to do our work better, faster, smarter and we do it best always;
- **Transparency**: We will communicate realness in our dealings with colleagues and clients at all times;
- **Integrity**: We will communicate realness in our dealings with colleagues and clients and shall be upstanding at all times;
- **Corruption Free:** Our organization will be viewed by those, both within and without, as honest and upstanding and thus deal with all forms of corruption;
- **Caring**: We will always be sincere and be truthful to ourselves and our clients. We will live for each other as a team;
- **Respect**: We will show respect, trust and loyalty to our colleagues and clients by dealing with them in an open and honest manner;
- **Accountability**: We will be accountable for all our actions, good or bad and deal with the consequences thereof;
- **Civic Empowerment**: We will always seek to create an environment where our community may learn, grow and be fulfilled and reach their full potential;
- **Honesty:** We shall at all times ensure that we handle all matters like they are, without creating unrealistic expectations and at all times communicating the truth;
- **Equality**: We shall at all times, eliminate discrimination and strengthen good relations between the various parties within our environment and promote and protect human rights;
- **Loyalty:** We shall be devoted with faithfulness to all our stakeholders and in particular the vision for the development of our organization;
- **Discipline**: We shall at all time focus ourselves on the main goal and are willing to achieve that goal at the expense of our own comfort.

4.5 STRATEGIC OBJECTIVES

The following objectives and strategies (with sub-strategies) to address identified challenges, have been articulated by the municipality as an outcome of the community engagement process. The IDP strategic objectives are listed under each strategy, which are also linked to service area outcomes, departmental and district objectives. It informs the IDP implementation plan (iMAP) that finalise the predetermined objectives (PDO) and align it with the municipal budget and performance system.

The following table outlines the extent of alignment with other levels of government to achieve the national strategic objectives and key performance indicators:

4.5.1 ALIGNMENT OF EMTHANJENI LOCAL MUNICIPALITY STRATEGIC OBJECTIVES

National KPA's	National Development Plan 2030	Pixley ka Seme District Strategic Objectives	Emthanjeni Strategic Objectives
Basic Services & Infrastructure Development	Expand Infrastructure	Monitor and support local municipalities to enhnce service delivery	Provision of access to all basic services rendered to residents within the available resources
Institutional Development & Municipal Transformation	Reforming the public service	To provide a professional, people centred human reousrces and dministrative service to citizins, staff and Council	Development and transformation of the institution with the aim of capacitating the Municipality in meeting their objectives
Local Economic Development	Create 11mil jobs by 2030	Promote economic growth in the district	Promote the equitable creation and distribution of wealth in Emthanjeni Municipal area
Financial Viability	An inclusive integrated rural economy	Administer finances in a sustainable manner and strive to comply with legislative requirements to achive a favourable audit outcome.	Maintaining a financially sustainable & viable Municipality
Good Govrnance	Build capable state	Complaince with the tenets of good governance as prescribed by legislation and best practise	Promote representative governance through the sustainable utilization of available resources in consultation with the residents of Emthanjeni Municipality
Social Development	Social protection	To provide a professional, people centred human reousrces and dministrative service to citizins, staff and Council	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties
Safety & Security	Figth corruption	To provide distater management services to the citizins	Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor

Table 72: The Alignment of the Emthanjeni 2016 Strategic Objectives with the Key National, National Development Plan 2030 and District strategies

The Municipality has agreed on **seven (7) Strategic Objectives (STO)** that are to be achieved;

IDP Strategic Objective 1	Provision of access to all basic services rendered to residents within the available resources.
Outcome	Delivery of basic services at an exceptional standard Enhanced service delivery
PDO's	Good quality water available to citizens and income generated through provision of this service

	Free basic water provided as per RSA Constitution Functional sewerage system Good quality roads Improved storm water systems Improved community safety To provide waste management services
National KPA	Basic service delivery and infrastructure development
District Strategic Objective	Monitor and support local municipalities to enhance service delivery
IDP Strategic Objective 2	**Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives.**
Outcome	To embark on turnaround strategy To support the turnaround strategy of the municipality's administration A Comprehensive skills plan that is congruent with growing needs of the municipality Skills gaps identified and plan developed and submitted to SETAs to fund training plan Performance management system in place with performance contracts for all directors and senior staff in the municipality
PDO's	Enhavce administrative management Enhanced monitoring and evaluation
National KPA	Institutional development and municipal transformation
District Strategic Objective	To provide a provide professional, people centred human resources and administrative service to citizins, staff and Council
IDP Strategic Objective 3	**Promote the equitable creation and distribution of wealth in Emthanjeni Municipal area.**
Outcomes	LED strategy developed with clear plans for job creation.
PDO's	Enhance job creation
National KPA	Local Economic Development
District Strategic Objective	Promote economic growth in the district
IDP Strategic Objective 4	**Maintaining a financially sustainable and viable Municipality**
Outcomes	A strategy is developed to ensure the long term financial viability and health of the municipality Clean Audit Report System is in place to track spending according to budget allocation System in place that works and is able to deal with non-delivery of staff
PDO's	Increase current revenue base Increase accountability, compliance and fiscal discipline Enhance service delivery Achieving an unqualified audit
National KPA	Municipal Financial Viability and Management
District Strategic Objective	Administer finances in a sustainable manner and strive to comply with legislative requirements to achieve a favourable audit outcome.
IDP Strategic Objective 5	**Promote representative governance through the sustainable utilization of available resources in consultation with the residents of Emthanjeni Municipality.**

Outcome	Staff are trained and live the principles of Batho Pele Strategy and plan developed for effective information sharing and communication with the public Ward committee members are trained about their role and responsibility Councilors are trained on their role and responsibly. Councilors set up mechanisms within the ward for ongoing consultation with the community. Improvement of audit outcome in terms of compliance and governance matters Compliance system implemented and monitored
PDO's	Functioning ward committee To improve communication & public participation Enhanced performance management Compliance with good governance principles as prescribed by legislation and best practice
National KPA	Good Governance and public participation
District Strategic Objective	Complaince with the tenants of good governance as prescribed by legislation and best practise
IDP Strategic Objective 6	**Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties.**
Outcome	A safe and healthy environment for all
PDO's	To create an environment that is safe and healthy for all who live in the area
National KPA	To create a safe and healthy for all who live in South Africa
District Strategic Objective	To provide municipal health services to improve the quality of life of the citizens
IDP Strategic Objective 7	**Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor**
Outcome	Support provided to improve the development and protection for all who live in the Province
PDO's	The development and protection for all who live in the area
National KPA	To ensure the development and protection for all who live in South Africa
District Strategic Objective	To ensure the development and protection of the rights for all in the District

Table 73: Strategic objectives of the municipality

4.6 KEY PERFORMANCE INDICATORS

The issues identified by the communities were translated into following **Key Performance Areas (KPA)**, as per the seven (7) strategic Objectives:

KPA#	Key Performance Areas	STO#	Strategic Objectives	PR	Priority
KPA1	Basic Service Delivery	STO1	Provision of access to all basic services rendered to residents within the available resources	PR1	Housing Development
				PR2	Sanitation
				PR3	Water infrastructure
				PR4	Energy
				PR5	Roads and storm water
				PR6	Waste management
				PR7	Commonage

KPA#	Key Performance Areas	STO#	Strategic Objectives	PR	Priority
				PR8	Cemeteries
				PR9	Public amenities
				PR10	Environmental management
KPA2	Municipal Transformation and Institutional Development	STO2	Development and transformation of the institution with the aim of capacitating the municipality in meeting their objectives	PR11	Institutional development
				PR12	Occupational health and safety
				PR13	Employee wellness programme
				PR14	Implementation and monitoring of policies
				PR15	Corporate Services (HR)
KPA3	Local Economic Development	STO3	Promote the equitable creation and distribution of wealth in Emthanjeni municipal area	PR16	SMME development
				PR17	Planning
				PR18	Tourism development
				PR19	Land use management
KPA4	Municipal Financial Viability and Management	STO4	Maintaining a financially sustainable and viable Municipality	PR20	Financial Management services
				PR21	Clean Audit 2016
				PR22	Asset Management
				PR23	Implementation of Property Rates Act
				PR24	Implementation of financial reforms
KPA5	Good Governance and Public Participation	STO5	Promote representative governance through the sustainable utilization of available resources in consultation with the residents of Emthanjeni Municipality	PR25	Community participation
				PR26	IDP/Budget processes
				PR27	Proper functioning of ward committees
				PR28	Support to Council committees
				PR29	Communication
KPA6	Safety and Security	STO6	Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties	PR30	Traffic Road safety
				PR31	Road safety control
				PR32	Fire and rescue
				PR33	Disaster management
				PR34	Community safety
KPA7	Social Development	STO7	Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor	PR35	Health
				PR36	Education
				PR37	Sports and recreation
				PR38	Youth development
				PR39	Women Empowerment

KPA#	Key Performance Areas	STO#	Strategic Objectives	PR	Priority
				PR40	Children
				PR41	Disability
				PR42	Older persons
				PR43	Poverty Alleviation

Table 74: Municipal Context of Priority Issues

CHAPTER 4

PART B: STRATEGIC PRIORITIES AND OBJECTIVES

1. Institutional Strategic Scorecard 2019/'20

The strategic priorities represent council and management decisions on aspects of service delivery that must be delivered before others. It is also important to note that these priorities resemble the aspirations of the community which the municipality is set to transform socially and economically as a means to address inequality, poverty and unemployment. In making preferential decisions on priorities the following were taken into cognisance. Furthermore, the departmental scorecards depicted below represent the institutional scorecard and are aimed to inform the Service Delivery and Budget Implementation Plan and budget process of the municipality. The departmental scorecards serve as a vehicle for the implementation of strategic plan resolutions and will also inform the integrated development plan of the Emthanjeni municipality.

1.1 Summary of Key Priorities for the 2019/20 Financial Year

These priorities represent our focus and our steadfast intention to improve the institutional and service delivery aspects of our business. Though not limited to these, however, strict management and council focus will be on the following in terms of application the limited financial and human resources:

- ***Own Revenue Enhancement (revenue collection);***
- ***Aggressive implementation of the Credit Control Policy;***
- ***MSCOA compliance***
- ***SCM Compliance (zero irregular expenditure and SCM efficiency);***
- ***Accelerated MIG spending;***
- ***Human settlement (reduction of the housing backlog);***
- ***Infrastructure Improvement and Maintenance (road network electricity)***
- ***Waste Management (illegal dumping by-laws);***
- ***Local economic development – high impact projects;***
- ***Tourism development;***
- ***Employee disciple (Wellness and productivity).***

1.2 Departmental Scorecard: Corporate Services

Key Focus Area/Issue from the SWOT	Strategy To Achieve The Strategic Objective (from Action Plan - SWOT	Strategy Measurement Indicators to inform SDBIP indicators	2019/20 Target	Responsibility
LOCAL ECONOMIC DEVELOPMENT				
SPLUMA	Review of Spatial Development Framework and Land Use to respond to SPLUMA principle	Reviewal and implementation of the SDF.	June 2020	DCS/DIS
LED Strategy	• LED summit to promote LED Strategy: • Outsourcing the implementation of the LED Strategy.	• LED Summit. • LED strategy effectively implemented (Appointed of a Service provider).	June 2020	DCS
SMME Empowerment	• Development of an SMME database • Facilitation of LED programmes through MIG to be biased towards local businesses (30% subcontracting).	• Updating and usage of the SMME Database • SMME beneficiation from the supply chain management processes.	June 2020	• DCS • DCS/CFO/DIS
Tourism	• Resuscitating Tourism function	Revitalisation of the Tourism office to undertake tourism activities	June 2020	DCS
Mega projects	Facilitation of three Mega projects: Transnet Logistic Hub, Transnet Manganese and Emthanjeni Quarry.	Facilitate the Implementation of the three Mega projects: Transnet Logistic Hub, Transnet Manganese and Emthanjeni Quarry.	June 2020	DCS
MUNICIPAL FINANCIAL VIABILITY				

Key Focus Area/Issue from the SWOT	Strategy To Achieve The Strategic Objective (from Action Plan - SWOT	Strategy Measurement Indicators to inform SDBIP indicators	2019/20 Target	Responsibility
Revenue Enhancement	• Review the SMME lease agreements. • Permit for Hunting. • Leasing of Caroluspoort farm	Revenue collection through: • Lease agreements database. • Hunting • Leasing of Caroluspoort farm	June 2020	MM/DCS
INFRASTRUCTURE DEVELOPMENT				
Municipalbuildings	Renovation of four halls: Civic, Nonzwakazi, Kwezi, Britstown and Youth Centre	Source funding from the District Municipality	June 2020	MM/DCS
Municipal Commonage Infrastructure	Maintenance of municipal commonage infrastructure.	Submission of Business proposal for maintenance of commonage infrastructure.	June 2020	DCS
Security Fencing	Fencing of two municipal amenities.	Secured amenities.	June 2020	DCS/DIS
Caroluspoort farm	Renovation of Caroluspoort farm	Renovation of Caroluspoort farm	June 2020	DCS/DIS
MUNICIPAL TRANSFORMATION				
Risk Management	• Establishment of Risk Committee. • Review of risk strategy and plan.	Appointment of the Risk Committee Approval of a Risk Management strategy and plan	June 2020	DCS
Electronically Record	Study on electronically record management system	Submission of reports at council committee – records management	March 2020	MSS

Key Focus Area/Issue from the SWOT	Strategy To Achieve The Strategic Objective (from Action Plan - SWOT	Strategy Measurement Indicators to inform SDBIP indicators	2019/20 Target	Responsibility
Management				
Organisational Review	Reviewing of organisational structure	Approval, funding and implementation of the organisational structure		
Delegation of powers	Reviewing of Delegation of Powers	Approval and implementation of the delegation of powers.	June 2020	DCS
PMS process	Piloting of PMS to managers as per the framework	Effective implementation of the Management System within the municipality	June 2020	DCS/MD
Organisational Performance	Study on employees performance		June 2020	DCS
GOOD GOVERNANCE				
IDP process	IDP processes to be aligned to the budget.	IDP, Budget and SDBIP alignment in terms of objectives, programs and funding.	May 2020	MD
Thuma Mina Program	Community outreach programs	Implementation of Community Outreach programmes	June 2020	DCS/MMO
Customer satisfaction	Conducting of a customer satisfaction survey	Conduct Customer Satisfaction surveys and report to council	June 2020	DCS/MSS

DEPARTMENTAL SCORECARD: FINANCE

Key Focus Area/Issue from the SWOT	Strategy to Achieve the Strategic Objective (from Action Plan - SWOT	Strategy Measurement Indicators to inform SDBIP indicators	2019/20 Target	Responsibility
Revenue management	Appointment of attorneys to collect arrear debtors. Handing over of top consumers for collection	• Reduced outstanding debtors and increased collection rate of billed income • Accurate consumer information.	June 2020	CFO
	Offering incentives to paying consumers			CFO
	Timeous issuing of accounts to the consumers			CFO
	Payment awareness campaign by councilors			CFO
	Increase pay points			CFO
	Water & Electricity losses: Perform monthly reconciliation of water & electricity losses	Reconciliation of water & electricity losses: monthly exception reports	June 2020	CFO&DIS
SCM Management	Efficient and compliant supply chain management • Implementation of the procurement plan • Training of the bid committees • Implementation of Contract management and performance management • 90 days turnaround time for completion of tender processes	• Zero new irregular expenditure incurred • Investigation and condonement of the accumulated irregular expenditure	June 2020	CFO/All Hods
Budget and Treasury office	Expedite compliance with MSCOA	MSCOA compliant financial system (budgeting and financial reporting) in line with National Treasury requirements	June 2020	CFO

Key Focus Area/Issue from the SWOT	Strategy to Achieve the Strategic Objective (from Action Plan - SWOT	Strategy Measurement Indicators to inform SDBIP indicators	2019/20 Target	Responsibility
Expenditure management	Payment of creditors within 30days	Creditors paid within 30 days as per MFMA requirement	June 2020	CFO
	Effective cash flow management Cut down of own funded projects	Availability of cash to meet the monthly expenditure in the short, medium and long term	June 2020	CFO/ All
	Robust cost containment regulation implementation		June 2020	CFO

1.3 DEPARTMENTAL SCORECARD: INFRASTRUCTURE SERVICES

Key Focus Area/Issue from the SWOT	Strategy To Achieve The Strategic Objective (from Action Plan - SWOT	Strategy Measurement Indicators to inform SDBIP indicators	2019/20 Target	Responsibility
LOCAL ECONOMIC DEVELOPMENT				
SDF & LUMs	Reviewal of outdated SDF and LUMs	Updating of the SDF and LUMs for organised development of the municipal area	June 2020	DCS/DIS
MUNICIPAL FINANCIAL VIABILITY				
Supply Chain Management	Preparation of and adherence to the Procurement plans	Implementation of procurement plans for timeous implementation of IDP programs	June 2020	DCS/DIS
INFRASTRUCTURE DEVELOPMENT				
Water losses	Management of water losses	Reduction of water losses to 22% or less	June 2020	DIS

Key Focus Area/Issue from the SWOT	Strategy To Achieve The Strategic Objective (from Action Plan - SWOT	Strategy Measurement Indicators to inform SDBIP indicators	2019/20 Target	Responsibility
Illegal connection of electricity	The rollout of anti-illegal electricity campaigns	Anti-illegal connection campaigns in hot spot areas within the municipality.	June 2020	Management team/ Mayor
Conditional grants	Spending of conditional grants	Expedite spending of conditional grants for accelerated service delivery projects.	June 2020	MPMU
Aging infrastructure	Submitting business plans to relevant departments	Sourcing of funding through submission of business plans to various departments	June 2020	DIS/MPMU
	Maintenance of gravel roads	Maintenance of gravel roads through effective use of municipal graders	June 2020	DIS/MTS
	Cost base analyses on grades			DIS
	Training of Grader Operator			DCS
MUNICIPAL TRANSFORMATION				
IT infrastructure	Upgrading of IT infrastructure	Functional IT infrastructure	June 2020	DIS/CFO
Fleet Management	Procurement of new fleet	Procurement of new fleet	June 2020	DIS/CFO
GOOD GOVERNANCE				
Thuma-Mina programme	Implementation of the Thuma-Mina programme	Institutionalisation of the Thuma-Mina programme	June 2020	Mayor/ Management team
Anti-Fraud and Corruption	Holistic Anti-fraud and corruption programme (Awareness and others)	Holistic implementation of the Anti-fraud and corruption programme (Awareness and others)	June 2020	Management

DEPARTMENTAL SCORECARD: COMMUNITY SERVICES

Key Focus Area/Issue from the SWOT	Strategy To Achieve The Strategic Objective (from Action Plan - SWOT	Strategy Measurement Indicator to inform the SDBIP indicator	2019/20 Target	Responsibility
MUNICIPAL FINANCE VIABILITY				
Revenue enhancement	**Traffic Fines:** Increase in Traffic Law Enforcement Smart roadblocks Execution of Warrant of arrests Sending SMS's status of fines	Increase revenue collection by 10% through Traffic services programmes: • Increase in Traffic Law Enforcement • Smart roadblocks • Execution of Warrant of arrests • Sending SMS's on status of fines	June 2020	DCommS / CFO
Revenue enhancement	**Waste Removal:** Garden refuse, Private institutions Inform stakeholders of processes and must pay before removal. (Prepaid) Landfill sites pay a fee before dumping private refuse. Law Enforcement fines issued illegal dumping. **Recycling:** Buy back stations Recycling Centre (lowering operational cost of refuse removal, clean up towns) **Parks:** Renting of parks for functions (to develop policies and review by-law for	Increase revenue collection by 10% through Waste Management services programmes: • Garden refuse, Private institutions • Inform stakeholders of processes and must pay before removal. (Prepaid) • Landfill sites pay a fee before dumping private refuse. • Law Enforcement fines issued illegal dumping. • Buy back stations • Recycling Centre (lowering operational cost of refuse removal, clean up towns) • Renting of parks and gardens	June 2020	DCommS / CFO

Key Focus Area/Issue from the SWOT	Strategy To Achieve The Strategic Objective (from Action Plan - SWOT	Strategy Measurement Indicator to inform the SDBIP indicator	2019/20 Target	Responsibility
	parks)			
		Development and implementation of relevant waste management Policies and by-Laws	June 2020	DComms / DCS
LOCAL ECONOMIC DEVELOPMENT				
	Tuck shops regulation and management	• Development and implementation of By-laws • Data and management	June 2020	DComms/DCS
BASIC SERVICE DELIVERY AND INFRASTRUCTURE				
Effective Law Enforcement	Focused plans of enforcement (Speed, Patrols, Observations and Public Transport) By-law enforcement improvement in different wards as to needs	Effective law enforcement and traffic visibility: • Focused plans of enforcement (Speed, Patrols, Observations and Public Transport) • By-law enforcement improvement in different wards as to needs.	June 2020	DCommS
Efficient Licensing	**Capacity building of licence departments (DLTC, VTS and RA)** Training of examiners Creating posts for examiners Upgrading of VTS and DLTC testing equipment	Effective and efficient licensing services: • Training of examiners • Creating posts for examiners • Upgrading of VTS and DLTC testing equipment	June 2020	DCommS

Key Focus Area/Issue from the SWOT	Strategy To Achieve The Strategic Objective (from Action Plan - SWOT	Strategy Measurement Indicator to inform the SDBIP indicator	2019/20 Target	Responsibility
Effective and Efficient Housing Administration	• Communicate with sector departments by attending crucial meetings. • Business plans submissions done before cutting off dates • Ensure that all documents for accreditation level 2 process are correctly completed and submitted to COGHSTA	Effective human settlement: • Effective communication with sector departments by attending crucial meetings. • Business plan submissions within prescribed timeframes • Ensure that all documents for accreditation of level 2 processes are correctly completed and submitted to COGHSTA.	June 2020	DCommS
Implement proper Waste Management Strategies	Community awareness campaigns Implement on the kerb system to all wards Coordination between the waste team and by-law enforcement	Effective Waste Management Strategies: • Community awareness campaigns (4 Campaigns to held for a year Roll-out to all wards in De Aar) • Implementation of the kerb system to all wards • Synergy/coordination between the waste and by-law enforcement teams	Ongoing review quarterly	DCommS

Key Focus Area/Issue from the SWOT	Strategy To Achieve The Strategic Objective (from Action Plan - SWOT	Strategy Measurement Indicator to inform the SDBIP indicator	2019/20 Target	Responsibility
Implement proper Cemetery & Parks Management	Procure electronic system for cemeteries register	Effective Cemetery Management services – procurement and installation of an electronic cemeteries register	June 2020	DCommS
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT				
Libraries	Electronic record system for books Renovation of Libraries	• Installation of an Electronic record system for books • Renovation of Libraries	June 2020	DCommS
Cemeteries & Parks	Upgrading cemeteries and parks Skill development of workers	Business plan to be rolled out in five years (source funding)	June 2020	DCommS
Fire Services	**Enhancement and upgrading Fire Brigade:** Upgrading of Fire Station Training of Fire Fighters Recruitment of Volunteers Procurement of new Fire Apparatuses (Fire trucks)	Business plan to be developed and submitted to potential funders	June 2020	DCommS / CFO / DIS
Discipline	Address absenteeism, alcohol abuse, abuse of council vehicles and equipment Fraud and corruption	• Frequent meetings with staff • Disciplinary processes • Fraud and corruption sessions with staff • CCTV installation at DLTC, VTS and RA • Consequence management	June 2020	DCommS

4.8 COMMUNITY AND STAKEHOLDERS PRIORITY ISSUES

The following list of priority issues were identified by communities and stakeholders through the participation process and represent a general trend of service delivery needs in most of the wards that were consulted. The issues were therefore translated into key performance areas; hence the municipal priority issues were developed.

Communites re-assessed their needs which forms part of the Revised IDP document. During the 2019/2020 financial year, the following projects were identified and prioritized by the various wards. This overview is included as to enable an evaluation of progress on these projects/issues.

Ward	Area	Projects	Priorities
1	Montana, Kareeville, Sunrise	Storm water drainage via MIG (entire ward)	Economic Development Availability of Agricultural Land Housing Infrastrucuture Development
		Upgrading and fencing of cemetery	
		Upgrading of Merino Sport Complex	
		Youth Development (skills/opportunities)	
		Housing Development i.e. waiting list for Sunrise	
		Revitiliazation of houses	
		Job creation	
		Refuse removal throughout the ward problematic	
		Availibility of sites i.e. service sites	
		Lighting in dark areas	
2	Residentia, New Bright, Happy Valley, Extension20, Klein Kareeville, Extension 7	Recreation facilities i.e. erecting of parks	Economic Development Housing Delivery Improve Infrastructure
		Refuse of removal/ littering e.g. improvement by providing communities with black plastic bags	
		Housing Development	
		SMME Development, restructioring of tenders	
		Job creation	
		Skills Development	
		Youth Development	
		Crime prevention i.e issues of vandalism, police services	
		Development of Shopping Mall	
		Tarring of Jacqueline street	
		Fencing of substations in De Aar East	
		“Gatvol” dwelling i.e. no service devlivery	
3	Nonzwakazi, Portion of Waterdal	Upgrading of electricity infrastructure	Economic Development Housing Delivery Improve Infrastructure Skills Development Job Opportunities
		Speedhumps in street 1 & 2	
		Upgrade of Nonzwakazi Community Hall	
		Sanitation e.g. revitalization of toilets	
		SMME Development	
		Job creation(unemployment was a mojor challange in the	

Ward	Area	Projects	Priorities
		ward)	
4	Leeuwenshof, Barcelona, Malay Camp, Portion of Nonzwakazi, Macarena and farms	Highmast light for "Gatvol" informal dwellings	Economic Development Housing Infrastrucutre Development
		Budget request for "Gatvol" informal dwellings	
		Upgrading of road in front of Multi-Purpose Centre	
		Refuse containers	
		Sport Facilities	
		Fencing of substation near Bellery Farm	
		Gravel road e.g. scraping of streets	
		Housing development e.g. community are erecting shacks	
		Revitilization of toilets	
		Graveyards not maintained	
		Ward committee e.g. issue of foreaigners accused of providing drugs to minors	
5	Louisville, Town area & part of Waterdal	Refurbishment: Schreiner House	Economic Development Housing Delivery
		Steet lights	
		Stands overgrown with weeds	
		Alien plants	
		Truck-stop	
		Highmast lighting i.e. Louisvill e Park	
6	Kwezi, Nompumelelo, Joe Slovo Park, Tornadoville, Hanover (town)	Clinic / health services i.e. 1 x ambulance, 1 x full-time nurse & assistant	Economic Development &Employment Creation Improve Infrastructure Availability of agricultural land
		SMME Development e.g. business sites	
		Scatec Solar i.e. issue of Community Trust	
		Illegal dumping i.e. request for recucling site	
		Storm Water Drainage i.e. Down Touch contractor not doing a good job	
		Youth development i.e. need for a youth centre	
		Recreational facilities i.e. upgrading of sport complex	
7	Jansenville, Mziwabantu, Britstown (town) and Proteaville	Job creation e.g. permanent employment	Economic development Provision of infrastructure SMME development Housing Developement
		Recreational facilities i.e. upgrading of parks	
		Erecting of notice bords in parks & devils fork fencing	
		Youth Development e.g. Desert House of Fire	
		Vegatable garden	
		Sanitation i.e. sewerage problematic	
		Request ofr business sites	
		Traffic i.e. speedhumps , unlicensed vehicles / motorist	
		Housing Development i.e.unservice sites , title deeds still outstanding	
		Fire fighting services i.e. volunteer learners	

Ward	Area	Projects	Priorities
		Conversion of hostel into a community centre	
		236 Bantu street i.e. no flush toilet facilities	
		Completion of Lubicon Project	
8	Town area, Waterdal, portion of Nonzwakazi	Upgrading of Station &Sinjaal street	Economic development Provision of infrastructure SMME development
		Tarin g of Lubbestreet, street 1 & 2	
		Speedhump for Van Riebeeck Street, street 1 & 2	
		Recreational facilities e.g parks	
		Rezoning	
		Asbestos	

A series of workshops were held with the Steering Committee and Representative Forum to ascertain the relevance of the needs listed. The needs were aligned with the IDP projects and new issues and projects were added to the current lists of needs and projects. Major areas identified by the communities that require attentions include;

- Improvement of Infrastructure,
- Skills development,
- Economic growth,
- Provision of housing,
- Job opportunities,
- Sustainable services,
- Youth development and
- Housing.

4.9. SECTOR PLANS

Introduction

The integration phase is the phase of ensuring internal strategy consistency with regards to:

- Strategic vision and objectives;
- Financial and institutional resources contexts;
- Policy or legal requirements.

All integrated plans and/or operational strategies that Emthanjeni Municipality has compiled or is in the process of compiling are listed below:

Water Services Development Plan

The Document was finalized in 2007 and adopted by the Council. It is reviewed on an annual basis.

Capital Investment Programme

Capital Investment Policy is included with the Budget of the municipality.

Performance Management System

The PMS serves as yardstick to measure indicators of Municipal Manager, Directors and senior managers in order to perform on those indicators as stipulated in performance agreements. For 2014/2015and again 2015/16the council adopted an approach to cascade PMS one level down in order to encourage those mangers to take their responsibilities serious and improve service delivery. The council had adopted PMS Policy Framework to guide the abovementioned process for implementation.

Attached is the PMS Project Plan for 2017/18 to outline activities which need to be undertaken in guiding the process, this plan is amended to be suitable for 2017/18 financial year.

Attached is copy of draft PMS Top Layer & Department municipal scorecard which is operationalized to assist the process of SDBIP and those performance Agreements.

Macro Organizational Structure

The organogram was adjusted with the understanding of adhering to national shifts in priorities for Local Government. The reviews are considered within the year.

Integrated Spatial Development Framework

The existing SDF was evaluated by the Department of Rural Development and Land Reform and was found to require revision due to various shortcomings and also the requirement to comply with SPLUMA. The cost of drafting a SDF amounts to approximately R1, 5 million.

Integrated Institutional Plan

Part of the Institutional Programme is capacity building amongst officials and Councillors. It is acknowledged that the dynamic environment of local government poses new challenges on a daily basis to the officials and Councillors of the Municipality. The Municipality has appointed an official who is responsible for skills development and the skills development programmes.

HIV/Aids Strategy and Policy

The Municipality does have an adopted HIV / Aids Policy for Councillors and officials. The integrated HIV / AIDS Programme were reviewed during the 2016/2017 financial year.

Disaster Management Plan 2017/2018

The Municipality does have an adopted Disaster Management Plan in place. It is reviwed on an annual basis.

Environmental Management Plan

The Plan was adopted by Council implementation remains a challenge for the Municipality.

Integrated Waste Management Plan 2014/2018

The municipality does have an adopted Integrated Waste Management Plan in place. It is reviewed on an annual basis.

Local Economic and Marketing Strategy

The Municipality has approved a Local Economic Development and Marketing Strategy at a meeting of the Executive Committee on 15 April 2010. During thie 2017/2018 financial year the document would be reviewed and be finalized. This means the LED Strategy would include the SMME Strategy so that can appeal to community and emerging business. This SMME strategy must also reflect on relation between the municipality and Transnet SMME Hub.

Integrated Transport Plan 2018/2023

The Department of Transport Safety and Liaison assisted the municipality with the development of a Integrated Transport Plan 2018/2023.The was already been adopted by Council.

Municipal Human Settlements Sector Plan 2017

The revision of the 5th review of the HSP was approved by Council. The Municipal Human Settlements was adopted by Council as part of their Integrated Development Plan and is a document that is written and aligned with the provisions of the National Housing Code, 2009 Part 3, Volume 3. The review of this Municipal Human Settlemtns Plan (MHSP) is a plan that attempts to give a detailed state of affairs directly concerning tenure in the Emthanjeni Local Municipality.

Tourism Strategy

The Council has adopted a 10 year Tourism Plan (2010-2020). The Strategy needs to be reviewed to reflect on present challenges face our municipality of develop a plan for implementation of projects as identified in the strategy and maybe update out project list. The strategy would be reviewed during the next five year IDP period.

5 Year Financial Plan

The Capital Programme of the Municipality is included as an annexure. All Budget policies are adopted annually. It includes the Budget Policy, Customer Care, Indigent, Supply Chain Management, Cash and Investment, Credit Control and Debt Collection, Rates and Tariffs.

CHAPTER 5

CHAPTER 5: MUNICIPAL FIVE YEAR ACTION PLAN FOR 2016-2021 FINANCIAL YEAR

5.1 INTRODUCTION

This section consists out of the following two sections:

Section 1: Projects 2016-2021 Financial Year

This section describes the various projects that will have to be implemented during the next five year IDP cycle and is divided into three sub-sections, namely

- Projects of a statutory/strategic nature and/or policy design/review
- Projects carried over from the previous financial year as some projects are either multi-year projects or could not be completed in the 2018/19 financial year and is carried over into the new financial year
- New projects

Section 2: Financial Viability of the Municipality

The municipality can only implement projects successfully and therefore achieve its strategic objectives given the extent of the financial viability of the municipality. This section gives a brief overview of the anticipated financial viability for each financial year starting with the 2019/20 financial year.

Section 1: Projects 2016-2021 Financial Year

The following projects have been identified for the period of five years (2016-2021) for implementation as per National Key Performance Area/Strategic Objective:

5.1.1 KEY PERFORMANCE AREA: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Strategic objective (sto): Provision of access to all basic services rendered toresidents within the availableresources

Cost Centre Name	Ward	Project Name	IDP & SDBIP	Indicator	Target	Funding Source	2017/18	2018/19	2019/20	2020/2021	2021/2022
Infrastructure	All	Limit % water unaccounted for to 19,50%	SDBIP 14	No of kiloliters purchased/purifi ed	19,5%		19,5%	19,5%	19,5%	19,5%	19,5%
Infrastructure	All	% of water maintenance budget spent	BSD 1& SDBIP 13	90% of maintenance budget of water spent	90%	Emthanjeni	90%	90%	90%	90%	90%
Infrastructure	All	95% water quality as per SANS 241 requirements	BSD 2& SDBIP 15	% water quality level	95%	Emthanjeni	95%	95%	95%	95%	95%
Sanitation	All	Maintenance of sanitation assets		% of maintenance budget of sanitation spent	90%		n/a	90%	90%	n/a	n/a
Infrastructure	All	90% of waste water maintenance budget spent	SDBIP 17	% of approved waste water maintenance budget spent	90%		90%	90%	90%	90%	90%
Waste water		Quality of waste water discharge measured by the % water quality level		% waste water quality level of waste water discharge	95%		95%	95%	95%	95%	95%
Roads	All	Maintenance of roads & storm water maintenance budget spent	SDBIP 19	90 % of roads & storm water main-tenance budget spent	90%		90%	90%	90%	90%	90%
Waste removal		Weekly waste removals as per schedule		% implementation of schedule	95%						

Cost Centre Name	Ward	Project Name	IDP & SDBIP	Indicator	Target	Funding Source	2017/18	2018/19	2019/20	2020/2021	2021/2022
Electricity	All	Limit % electricity unaccounted for to 18%	SDBIP 21& 35	No of electricity unit purchased – no of electricity units sold unaccounted for	18%		18%	18%	18%	18%	18%
Community services	All	90% of recreational & swimming pool main-tenance budget spent	SDBIP 22	% of approved recreational areas & submission pool maintenance budget spent	18%		18%	18%	18%	18%	18%
	1-8	Approval of building plans after receipt of payment		% within 1 month	95%		95%	95%	95%		
		Keeping of building and town planning register		No of reconciliations	100%		100%	100%	100%		
Sanitation	6	Developing Sewerage disposal site and fencing of refuse disposal site	BSD3			MIG					
Sanitation		Sewerage Pumps replacement – De Aar electrical maintenance	BSD4			Emthanjeni					
Community Services	1-8	Acquiring of refuse bins for the entire community	BSD5			Emthanjeni External funds					
Electricity	1-8	General maintenance to transformers of the municipality	BSD7			Emthanjeni – Maintenance budget	350 000				
Sanitation	6	Waterborne sewerage for Hanover	BSD8	Approved business plan		MIG R16m	10 000 000	10 000 000			
Sanitation	7	Water borne sewerage for Britstown, Phase 2	BSD9	Feasibilty Plan for Bulk Sewer		DWS (R40m)	20 000 000	31 000 000	3 910 000		

Cost Centre Name	Ward	Project Name	IDP & SDBIP	Indicator	Target	Funding Source	2017/18	2018/19	2019/20	2020/2021	2021/2022
Infrastructure		Water pipeline from the Orange River to Britstown (Van Der Kloof Pipeline)	BSD11			DWS, MIG Funding Total = R300m					
Infrastructure	1-5	Rehabilitation of old reticulation network in De Aar and replace old steel pipes in the CBD	BSD12			Own funds Total = R3,5m					
Water	1-5	Development of additional Boreholes, De Aar	BSD14	% completion		RBIG Total =R50,6m	6 000 000	50 000 000	10 000 00		
Community Services	1-8	Establishment of Community recycling Stations	BSD16			Emthanjeni, DENC					
Infrastructure	1-8	Study about the capacity of existing Land fill sites and identification of new sites	BSD17			Emthanjeni, MIG					
Infrastructure Roads	All	Construct new surfaced roads	SDBIP 18	No of kilometers constructed	0.5 km	MIG, Own Funds, EPWP					
Infrastructure	3, 5, 6, 7	Upgrading of Swimming pools and maintenance (Central De Aar, Oasis)	BSD21		90%	Emthanjeni, DSAC, DSD, DWS					
Parks	3,4,5,6 ,7	Refurbishment &main-tenance of Sports grounds	BSD22			External funds, Emthanjeni					
Corporate	2,3,4,5 ,6,7	Upgrading & maintenance of Community halls	BSD23			External funds, Emthanjeni SA Heritage Council					
Building		Repairs to municipal stores	BSD25			Emthanjeni					

Cost Centre Name	Ward	Project Name	IDP & SDBIP	Indicator	Target	Funding Source	2017/18	2018/19	2019/20	2020/2021	2021/2022
LED		Maintenance of Commonage	BSD27			Emthanjeni	30 000				
Parks		Parks and garden equipment	BSD28			Emthanjeni					
Infrastructure		Erection of municipal cafeteria	BSD29			Emthanjeni(T=R300, 000)					
Infrastructure		Repairs to other buildings of the municipality (De Aar weather station, Schreiner house	BSD30			Emthanjeni					
Infrastructure		Professional Services for the Infrastructure offices	BSD31			Emthanjeni					
Infrastructure		General Operational items for the infrastructure department	BSD32			Emthanjeni)					
Vehicles		Implementation of vehicle policy		Monthly vehicle inspection reports	12						
Vehicles		Implementation of vehicle tracking system		Tracking system							
Housing/ Community Services	1-8	Building of Houses in Emthanjeni	BSD33			COGHSTA					
Housing		Construction of 195 houses(Hanover)	BSD 35			MIG=R2,7m	1 000 000				
Housing		Hanover 600 (planning)	BSD 36	Complete planning of 600 sites							
Housing		Britstown 848 (planning)	BSD37								

Cost Centre Name	Ward	Project Name	IDP & SDBIP	Indicator	Target	Funding Source	2017/18	2018/19	2019/20	2020/2021	2021/2022
Housing		De Aar 2386	BSD38	Servicing of 400 sites							
Roads		Upgrading of divisional roads in the municipal area	BSD39			PKSDM					
Electricity		Provision of sufficient street lights for dark areas			100%	MIG R1,9m	500 000				
Electricity	1-8	Street Lighting in the Emthanjeni area (backlog exist)	BSD41			Emthanjeni, MIG(**R1, 0m**)					
Infrastructure	3	Rehabilitation of existing sports facility in Nonzwakazi	BSD43			LOTTO					
Roads	6	Tar of access road between N1 and N10	BSD46	1,0km road		DPW. R6,0m		6 000 000			
Community Services	1-8	Completion of fencing or upgrading at all cemeteries	BSD49			Emthanjeni, DENC			9 750		
Community Services	1-8	Study into the capacity of existing cemeteries and the possibility of extensions (EIA)	BSD50	Report with recommendations to council		Own funds	200 000	1 000 000			
Infrastructure		Upgrading and development of De Aar landing strip- realization of Airport	BSD51	Project Not funded		DEDT, DBSA, DTI, MIG (total R11,35m)					
LED	3	Arts and Crafts Village Tourism hub	BSD52	Report on implementation	Phases	Private, DEDT	Funding	Funding	Funding	Funding	Funding
Infrastructure	5	Development of middle income housing – Rantsig area	BSD53			Private					

Cost Centre Name	Ward	Project Name	IDP & SDBIP	Indicator	Target	Funding Source	2017/18	2018/19	2019/20	2020/2021	2021/2022
Infrastructure	1	Construction of Community hall for Ward 1	BSD55			MIG, DPW(T=R2m)					
Infrastructure/ Development	1-8	Ward Development Programme	BSD56	Implementation of targeted projects	Report oncouncil on projects	EmthanjeniT=R8,4m	2 100 000	2 100 000	2 100 000	2 100 000	
Water	7	New Water Reservoir(Britstown)	BSD60			MIG R6m	10 000 000	6 000 000			
Storm water	1,2,3,4 ,6,7	Storm water remedial actions-phase 2(R53,4m)	BSD63	Approved Business Plan	100%	MIG	1 677 750			10 000 000	
LED/ Community Services	1-8	Environmental Awareness Campaign in the entire municipality	BSD66			Emthanjeni, DENC					
Environmental Health	1-8	Regulating Noise pollution and enforcement of By Laws	BSD67			Emthanjeni, SAPS					
Environmental Health	All	Review Integrated Waste Management Plan & submit to Council	BSD69& SDBIP 9	Integrated Waste Management Plan submitted to Council by 2019	1	DOH	1	n/a	n/a	n/a	n/a
Community Services	1-8	Upgrading & maintenance of parks, open space and walk-ways within the Emthanjeni Municipality/Freedom Parks	BSD71			DENC T=R2,5m					
Infrastructure	5	Upgrading of De Aar waste water Treatment Works	BSD76	Completion certificate	100%	RBIG (ACIP) R 28.5 mil	15 080 000	10 000 000			

Cost Centre Name	Ward	Project Name	IDP & SDBIP	Indicator	Target	Funding Source	2017/18	2018/19	2019/20	2020/2021	2021/2022
		Phase 2									
Infrastructure	6	Main sewer line and pump station Hanover 470	BSD77	Completion certificate	100%	Own funds	100 000				
Infrastructure	1,3,4,6 ,7	New streets Phase 2 (11,55km)	BSD79	% completed	100%	MIG=R56,128m	2 100 000	2 000 000	3 000 000	3000 000	
	1-8	tarring	BSD81	% completed	100%	DPW (EPWP)					

5.1.2 KEY PERFORMANCE AREA: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

Strategic Objective (STO): Development and transformation of the institution with the aim ofcapaciting the municipality in meeting their objectives

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2019/2020
Corporate Services	All	0.7% of personnel budget spent on training as per approved skills development plan (Actual total training expenditure/total operational budget)x100]	% of the total municipal budget spent	0,7%		0,7%
		Creation of an institution with sustainable capacity	% vacancy level as % of approved organogram	14%		
Corporate Services	All	Review Human Resource Plan & submit to Council end June	Human Resource Plan submitted to Council end June	1	Emthanjeni	
Corporate Services	All	Establish a client service desk by end June	Service desk established by 30 June 2018	1		1
Corporate Services	All	No of people from	No of people employed	1		1

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2019/2020
		employment equity target groups employed (appointed) in 3 highest levels of management in compliance with Employment Equity Plan by 30 June annually	(newly appointed)			
Corporate Services		Promulgation of By Laws – review adopted by laws	Number of by laws		Emthanjeni, COGHSTA	
		Implement a system to monitor council resolutions	% completed			
Corporate Services		Compile maintenance needs analysis for all municipal buildings and offices	Maintenance Plan developed by 30 June 2018	1		1
Corporate Finance		General Valuation	Complete general valuation	1	Emthanjeni, COGHSTA	200,000
Corporate Services	1-8	Equipment for Community halls	Obtain equipment for community halls	100%	Emthanjeni	29 051
Corporate services		Establishment and implementation of Employee assistance Programme	Establish and implement Employee Assistance Programme	1	Emthanjeni	
Finance / Corporate Services		Maintenance of Municipal Website	Maintenance of municipal website	100%	Emthanjeni	
Development	All	Publishing of newsletters	Annual newsletters published	1	Emthanjeni	40 000
Infrastructure / Corporate		Construction of employee recreation facility	Construct recreation facility for employees	1	Emthanjeni	
Corporate/ Mayors Office	1-7	Renaming of Streets/Buildings/Places	Rename streets, buildings, places	100%	DSAC, Emthanjeni	

Table 76: Strategic Objective 2: Project 2019/20

5.1.3 KEY PERFORMANCE AREA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic Objective (STO): Promote representative governance through the sustainable utilizationof available resources inconsultation with the residents of Emthanjeni Municipality

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2019/2020
MM	All	Development of Risk Based Plan and submit to audit committee end of June	RBAP submitted to audit committee end of June	1		Minutes of audit committee
MM	All	Develop Risk based audit plan for 2018/2019 and submit to audit committee end June for approval	Annually submitted	1		1
MM	All	Implement RBAP for 2018/19. (Audits completed for period/ planned audits for period) x 100)	Audits completed for period/ planned audits for period) x 100	70%		
MM		Complete a Customer Survey and submit a report with recommendations to Council by 30 June 2018	Survey completed and report submitted to council by 30 June 2019	1		
Office of Mayor	1-8	Educating the communities about vandalism and abuse			Emthanjeni, DTSL	
Office of Mayor / Electricity	1-8	Festive Lights for the entire municipality			Emthanjeni	
Development	All	IDP Review Process and IDP Representative Forum Processes	Adoption of IDP Process Plan and IDP Review by council.	Annually by March and approved on May.	Emthanjeni	
Office of the Mayor/ Speaker	1-8	Operations/Support to Ward committees			Emthanjeni, MSIG	
Office of Mayor/ Speaker	1-8	Quarterly Council Meets the			Emthanjeni	

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2019/2020
MM	All	Development of Risk Based Plan and submit to audit committee end of June	RBAP submitted to audit committee end of June	1		Minutes of audit committee
		People/Izimbizo				
Office of the Mayor/ Speaker	1-8	Annual Mayoral Games			Emthanjeni	

Table 77: Strategic Objective 3: Projects 2019/20

5.1.4 KEY PERFORMANCE AREA: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

Strategic Objective (STO): Maintaining a financially sustainable and viable municipality

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2019/2020
Financial Services	All	Submit annual financial statements by end August to Auditor General	Statements submitted to AG end August	1		1
Financial Services		Monthly financial reporting to Council	No of reports	100%		
Financial Services	All	Financial viability measured to available cash to cover fixed operating expenditure	Available cash + investments / Monthly fixed operating expenditure	0,6		0,6
Financial Services	All	Financial viability measured ito municipality's ability to meet its service debt obligations	Debt coverage (Total operating revenue – operating grants received/ debt service payments due within the year	2.5		2,5
Financial Services	All	Financial viability measured ito outstanding service debtors	Total outstanding service debtors/ revenue received for services	90%		90%

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2019/2020
Financial Services	All	No of formal residential properties receive piped water that is connected to municipal infrastructure	No of residential properties billed for water or have pre-paid meters	8 000		8000
Financial Services	All	No of formal residential properties connected to municipal electrical infrastructure	No of residential properties billed for electricity or have pre-paid meters	8 000		8000
Financial Services	All	No of formal residential properties connected to municipal waste water sanitation/ sewerage network, irrespective of no of toilets	No of residential properties billed for sewerage	8 000		8000
Financial Services	All	No of formal residential properties for which refuse is removed once/week	No of residential properties which are billed for refuse removal	8 000		8000
Financial Services	All	Provide free basic electricity, water, sanitation & refuse removal to qualifying indigent households earning less than R 4400	No of indigent households receiving free basic services	4000		2500
Financial Services		Provision of free basic water ito equitable share requirements	No of HH receiving free basic water	7 500		
Financial Services		Quantum of free basic water per household in to equitable share requirements	Quantum of free basic water provided per household	6 kL		
Financial Services		Provision of free basic sanitation in to equitable share requirements	No of HH receiving free basic sanitation	4000		

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2019/2020
Financial Services		Provision of free basic sanitation in to equitable share requirements	Quantum of free basic sanitation provided per HH	R206.11		
Financial Services		Provision of free basic electricity ito equitable share requirements	NO of HH receiving free basic electricity	4000		
Financial Services		Provision of free basic electricity ito equitable share requirements	Quantum of free basic electricity per H	0-50kwh		
Financial Services		Provision of free basic refuse removal ito equitable share requirements	No of HH receiving basic free refuse removal	4000		
Financial Services		Provision of free basic refuse removal ito equitable share requirements	Quantum of free basic refuse removal per month per HH	R128.52		
Financial Services	All	Achievement of a payment percentage of above 80%	Gross Debtors closing balance + billed revenue – Gross debtors opening balance + bad debt x 100	➢ 70%		
Financial Services	All	Submit adjustments budget for approval to Council by end 28 February 2019, draft budget end March 2019& final budget end of May 2019	Adjustment budget end Febr,Draft Budget end March &Final Budget end May 2019	4		Annually
Financial Services		Annual review of SCM policy in line with legal requirements	% completed	100%		Annually
Financial Services		Submit the top layer SDBIP to the Mayor within 14 days after approval of the budget	Top layer SDBIP submitted to mayor	1		Annually
Financial Services		Submit Mid-Year	Mid-year report submitted to	1		

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2019/2020
		Performance Report ito Sec 72 of MFMA to Mayor.	Council			
Financial Services		Submit draft main budget to Council for approval by end March 2019	Main budget submitted to Council	1		
Financial Services		Submit the Sec 71 of the MFMA reports to Council	No of Sec 71 reports submitted to Council	12		
Corporate Services/ Finance		General Valuation			Emthanjeni, COGHSTA	
Financial Services		Conversion of Financial reforms system			Emthanjeni	
Financial Services		Upgrading of Financial Management System			Emthanjeni	
Financial Services		Upgrading of Data Connection (3G and Storage)			Emthanjeni	550 000
Financial Services		Office Space for Finance Staff			Emthanjeni	300 000
Financial Services		Capacitating of Staff			Emthanjeni	1 200 000
Financial Services	All	Achieve an unqualified audit opinion	Audit opinion received	1	Emthanjeni	

Table 78: Strategic Objective 4: Projects 2019/20

5.1.5 Key Performance Area: Local Economic Development

Strategic Objective (STO): Promote the equitable creation and distribution of wealth in Emthanjeni Municipal Area

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	Cost
Development	5	Development of Shopping Mall			Private Total R30m	30 000 000
Development	5	Rail Revitalization Project			DTSL, Private Emthanjeni,	

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	Cost
		with Transnet (Housing, SMME)			Transnet	
Development/ Infrastructure		Conference and Accommodation facility(opportunity)			DEDT,PrivateT=R5m	5 000 000
Development	1-8	Support to Emerging Farmers			DRDLR	107 2

Table 79: Strategic Objective 5: Projects 2019/20

5.1.6 KEY PERFORMANCE AREA: SAFETY AND SECURITY

Strategic Objective (STO): Contribute to the creation of communities where residents and visitors can work, live and play without threat to themselves or their properties

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	Cost
Community Services	All	Develop Fire-Arm Management Policy & submit to Council by end June	Fire Arm Management Policy submitted to Council by end June	1		Completed
Community Services		Optimal collection of fines issued for the financial year	% of fines collected	70%		Ongoing
Community Services		Law enforcement initiative to decrease incidents affecting traffic safety	No of road blocks	24		Ongoing
Community Services		Participate in Annual National Arrive Alive Programme	No of joint operation	2		Is a Provincial initiative
Community Services		Speed law enforcement – Direct stop &prosecution	No of enforcement sessions	16		Ongoing
Community Services		Implement AARTO	No of MOU's signed			In progress
Community Services		Road safety awareness	No of campaigns	7		4

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	Cost
		campaigns held in all wards				
Community Services		Increase capacity of traffic services to optimize revenue collection	No of staff appointed	2		Completed Ongoing
Community Services	All	Review Community Safety Plan & submit to Council	Community Safety Plan submitted to Council	1		
Community Services	All	Review Disaster Management Plan that includes contingency plans and submit to Council by 30 June 2019	Disaster Management Plan reviewed and submitted to Council by 30 June 2019	1	Emthanjeni T=R300 000	
Traffic Services, Roads	1-8	Establishment of routes for cycling and pedestrians	No of routes established		Emthanjeni, DTSLT	700 000
Infrastructure/ Traffic	1-8	Speed Calming Initiatives	No of speed calming initiatives		Emthanjeni, EPWP	
Traffic Services		Upgrading of Fire Station	Fire Station upgraded	1	Emthanjeni, PKSDM, COGHSTA, Private	
Traffic Services	5	Additional Robot for De Aar	No of additional robots	1	Emthanjeni	55 000
Traffic Services, Roads	4,5	Transnet subway paint and safety rails	Safety rails in subway	1	Emthanjeni, Transnet	300 000
Community/ Infrastructure	1-8	Address areas with poor lighting (Crime Hotspots)	No of areas with better lighting		Emthanjeni, SAPS, Transnet, DTSL	

Table 80: Strategic Objective 6: Projects 2019/20

5.1.7 KEY PERFORMANCE AREA: SOCIAL DEVELOPMENT

Strategic Objective (STO): Contribute to the development and protection of the rights and needs of all residents with a particular focus on the poor

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	Cost
Community services		Decrease substance abuse & crime through public awareness campaigns	No of campaigns	1		Continuous
Mayor		Implement gender development programmes	No of programs	`		Continuous
Mayor		Commemoration of Youth Day	Youth Day commemorated	1		
OFTM/Youth	1-8	Skills Development programme for young/ emerging contractors	No of skills development programmes		NYDA, LGSETA	250 000
OFTM/Youth	1-8	Skills development programme for young people sewing, designing	No of skills development programmes		ELM, DOL, SETA's, KHULA, NEF	300 000
Office of the Mayor (OFTM)	1-8	Development of amusement stations for young people	Amusement centre for youth established	1	Emthanjeni, NYDA	1500 000
OFTM: Youth		Upgrade Youth Advisory Centre	Youth advisory Centre upgraded	1	Emthanjeni, NYDA	200 0

Table 81: Strategic Objective 7: Projects 2019/20

5.2 LIST OF FUNDED PROJECTS

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2019/20
Electricity		Integrated National Electrification Planning(INEP)	Construction of Nonzwakazi & De Aar East High Mast – phase 1			1 500000
Infrastructure Roads	All	Resealing and construction of new streets	No of kilometers resealed	1 km	MIG Emthanjeni	1 750 000
Electricity	1-8	Prepaid Electricity Meters	% of approved budget spent	90%	Emthanjeni, MIG T=R3,3m	710 000
Financial services		MSCOA& GRAP compliance process	Implementation of SCOHA	90%	Emthanjeni	1 623500
Financial services	All	Replacement of Equipment and Machinery	Equipment and machinery replaced	90%	Emthanjeni	129700
Infrastucuture/ Development	All	Ward Development Programme	Implementation of ward development programme	8	Emthanjeni	2 400 000
Building		Capital additions: Municipal Buildings	% of budget spent	90%	Emthanjeni	365 750
Infrastructure/ Development	6	Upgrading of Kwezi Sports Ground			MIG	11 491 000
Infrastructure/Development	7	Stormwater phase 3			MIG	10 078 799
Infrastructure/Development	8	Waterdal Refurbishment	Upgrading of 6.6KV – 11KV		MIG	4 087 201
Infrastructure/Development	7	Construction of Oxidation Ponds in Brtistown			RBIG	3 910 000
Infrastructure Services	All	New Vehicles	ELM		Own funding	12 000 000
Finance		IT Reform			Own funding	1 000 000
Corporate Services	All	Buildings & Fencing			Own funding	938 000

Table 82: Funded Projects 2019/20

5.3 LIST OF UNFUNDED PROJECTS

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2019/20
Sanitation		Sewerage Pumps replacement – De Aar electrical maintenance	Replace sewerage pumps	1	Emthanjeni	
Community Services	1-8	Acquiring of refuse bins for the entire community	Complete acquiring of refuse bins		Emthanjeni External funds	
Sanitation	6	Waterborne sewerage for Hanover, Phase 2	Approved business plan	1	MIG (R 16,0m)	11 000 000
Infrastructure		Water pipeline from the Orange River to Britstown (Van Der Kloof Pipeline)	Complete water pipeline from Orange river to Britstown	1	DWA, MIG Funding Total = R36m	36 000 000
Infrastructure	1-5	Rehabilitation of old reticulation network in De Aar and replace old steel pipes in the CBD	Rehabilitate reticulation network in De Aar	1	MIG, DWA Total = R2m	2 000 000
Water	1-5	Development of additional Boreholes, De Aar	% completion	100%	MIG, DWA Total = R42m	16 640 000
Community Services	1-8	Establishment of Community recycling Stations	Establish community recycling stations	100%	Emthanjeni, DENC	
Infrastructure	1-8	Study about the capacity of existing Land fill sites and identification of new sites	Complete study re capacity of land fill sties	1	Emthanjeni, MIG	
Infrastructure	3, 5, 6, 7	Upgrading of Swimming pools and maintenance (Central De Aar, Oasis)	Upgrade swimming pool	90%	Emthanjeni, DSAC, DSD, DWA	500 000
Parks	3,4,5,6,7	Refurbishment &main-tenance of Sports grounds	Refurbish sport grounds	100%	External funds, Emthanjeni	5 000 000

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2019/20
Building		Repairs to municipal stores	Repair municipal stores	100%	Emthanjeni	
LED: Tourism		Repairs to Museums in Emthanjeni Municipality	Repairs to museums	100%	Emthanjeni	
Parks		Parks and garden equipment	Obtain parks and garden equipment	100%	Emthanjeni	
Infrastructure		Erection of municipal cafeteria	Erection of municipal cafeteria	1	Emthanjeni(T=R300,000)	
Housing/Community Services	1-8	Building of Houses in Emthanjeni (backlog) [4114]	Complete building of houses	100%	COGHSTA (R288m)	15 000 000
Housing		Housing subsidies for rural labourers in Emthanjeni municipal area [350]	Complete housing subsidies for rural labourers	100%	COGHSTA, DALRRD	
Housing		De Aar 400 (services)	Complete servicing for houses in De Aar	100%		
Roads		Upgrading of divisional roads in the municipal area	Upgrade divisional roads	Km	PKSDM	
Electricity		Provision of sufficient street lights for dark areas	No of street lights	50		
Electricity	1-8	Street Lighting in the Emthanjeni area (backlog exist)	No of street lights		Emthanjeni, MIG(**R1, 0m**)	1 000 000
Infrastructure	3	Rehabilitation of existing sports facility in Nonzwakazi	Complete rehabilitation of sport facility in Nonzwakazi	1	LOTTO	2 000 000
Infrastructure	5	Upgrading of De Aar West Sport Facilities-2010 legacy project	Upgrading of De Aar West sport facility	1	Dept of Education	7 000 000
Roads	6	Tar of access road between N1 and N10	Tar access road between N 1 and N10	100%	EPWP	2 000 000

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2019/20
Community Services	1-8	Kareeville cemetery			Emthanjeni, DENC	
Community Services	1-8	Study into the capacity of existing cemeteries and the possibility of extensions (EIA)	Report with recommendations to council	1	DENC, EmthanjeniT=R1,2m	1 200 000
Infrastructure		Upgrading and development of De Aar landing strip-realization of Airport	Upgrade and develop De Aar landing strip	1	DEDT, DBSA, DTI, MIG (total R11,35m)	
LED		Arts and Crafts Village Tourism hub	Complete Arts &Crafts Village Tourism Hub	1	Emthanjeni, DSAC, Private, DEDT (R2,5m)	
Infrastructure	5	Study in Housing Needs area	Complete study in Housing needs	1	Private	
Infrastructure	1	Construction of Community hall for Ward 1	Construct community hall	1	MIG, DPW(T=R2m)	
Community Services	1-8	Upgrading and improvement of municipal parks	Upgrade & improve-ment of municipal parks	100%	Emthanjeni	
Development/Community Services	1-8	Upgrading & maintenance of parks, open space and walk-ways within the Emthanjeni Municipality/ Freedom Parks	Upgrade & maintenance of parks, open space and walkways	100%	DENC T=R2,5m	
Infrastructure	1,4,6,7	New streets Phase 2	% completed	100%	MIG	
	3	Tarring street 12, Nonzwakazi	% completed	100%	DPW (EPWP)	1 000 000
	3,6	Tarring	% completed	100%	DPW (EPWP)	500 000
Office of Mayor /Electricity	1-8	Festive Lights for the entire municipality			Emthanjeni	
Office of the Mayor/ Speaker	1-8	Annual Mayoral Games			Emthanjeni	
Financial Services		Upgrading of Financial Management System			Emthanjeni	1 000 000

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2019/20
Financial Services		Upgrading of Data Connection (3G and Storage)			Emthanjeni	550 000
Financial Services		Office Space for Finance Staff			Emthanjeni	300 000
Financial Services		Capacitating of Staff			Emthanjeni	1 200 000
Development	5	Development of Shopping Mall and Filling Fuel Station in De Aar			Private Total R 30m	
Development	5	Rail Revitalization Project with Transnet (Housing, SMME)			DTSL, Private Emthanjeni, Transnet	
Development	1-8	Support to Emerging Farmers			DRDLR	
Development	1-8	Energy Tool Kits			DRDLR	
Traffic Services, Road	1-8	Establishment of routes for cycling and pedestrians	No of routes established		Emthanjeni, DTSLT	700 000
Traffic Services		Upgrading of Fire Station	Fire Station upgraded	1	Emthanjeni, PKSDM, COGHSTA, Private	
Traffic Services	5	Additional Robot for De Aar	No of additional robots	1	Emthanjeni	55 000
Traffic Services, Roads	3,5	Transnet subway paint and safety rails	Safety rails in subway	1	Emthanjeni, Transnet	300 000
Community/ Infrastructure	1-8	Address areas with poor lighting (Crime Hotspots)	No of areas with better lighting		Emthanjeni, SAPS, Transnet, DTSL	
Corporate Services	All	Review Rural Development Strategy & submit to Council end June	Rural Development Strategy submitted to Council end June	1		
Community Services		Decrease substance abuse & crime through public awareness campaigns	No of campaigns	1		

Cost Centre Name	Ward	Project Name	Indicator	Target	Funding Source	2019/20
Mayor		Implement gender development programmes	No of programs	`		
Mayor		Commemoration of Youth Day	Youth Day commemorated	1		
OFTM/Youth	1-8	Skills Development programme for young/ emerging contractors	No of skills development programmes		NYDA, LGSETA	250 000
OFTM/Youth	1-8	Skills development programme for young people sewing, designing	No of skills development programmes		ELM, DOL, SETA's, KHULA, NEF	300 000
Office of the Mayor (OFTM)	1-8	Development of amusement stations for young people	Amusement centre for youth established	1	Emthanjeni, NYDA	1 500 000
OFTM: Youth		Upgrade Youth Advisory Centre	Youth advisory Centre upgraded	1	Emthanjeni, NYDA	200 0

Table 83: Unfunded Projects 2019/20

Table 84: EMTHANJENI MUNICIPALITY: INFRASTRUCTURE PLANNING: 5 YEAR PLAN 2016/17 – 2020 / 2021 (May 2019)

PROJECT	NOTES	FUND-ING	TOTAL COST (x1000)	2016 /17 (x1000)	2017/18(x1000)	2018/19(x1000)	2019/20(X1000)	2020 / 21(x1000)
1. Housing: Backlogs	4114 units			470	500	500	500	500
Houses	Top structures				470	500	500	500
Networks	Water, sewerage, roads		164,560		20,000	20,000	20,000	20,000
	Electricity	INEP	47 610		5,640	6,000	6,000	6,000
TOTAL HOUSING			**794 410**		**26 610**	**27 000**	**27 000**	**27 000**
2. Water: Backlogs	None							
Upgrading De Aar Bulk Water	New boreholes	RBIG	60,000		20,000	37,000	3,000	
Britstown Reservoir	Replace existing	MIG	10,000		10,000			
De Aar Bulk Water	Refurbishment Boreholes	DWO / DROUGHT RELIEF	10,0000	3,000		4,700		

Britstown Sewer Network	BEP Project	DWS	8,000		3,600	4,000	400	
Upgrading Hanover Bulk Water	Develop additional boreholes	DWS / RBIG	30,000				15,000	
TOTAL WATER			**110 000**	**3,000**	**30,000**	**41,700**	**18,000**	**17,300**
3.Sanitation: Backlogs								
Hanover UDS toilets	Upgrade to flush toilets	Own	5 000	500	500	500	19,000	
De Aar WWTW	Upgrading Phase 2	RBIG	28,500			8,000		
Britstown Bulk Sewer for BEP	WWTW, Pumpstation and Bulk sewer line	RBIG	33,000	600	20,000	12,400		
Hanover Pumpstation Sewer Line	470 houses project	MIG	2,750	1,750	1,000			
De Aar Bulk Sewer	Pumpstation and Mainline for housing for housing project	MIG	8,000		3,600	4,000	400	

Hanover Bulk Sewer Line and Pumpstation	600 houses project	MIG	6,000			3,000	3,000	
TOTAL SANITATION			**91 250**	**2,850**	**28,7000**	**31,900**	**23,300**	**2,000**
4.Electricity: Backlogs		None						
Lighting Dark areas	Dark area	MIG	1,900	1,800	100			
Lighting 4114 houses		MIG	7,000					
Upgrade De Aar East Nonzwakazi	New bulk connection	INEP	13,000	3,000	8,500			
TOTAL ELECTRICITY			**21,900**	**4,800**	**8,600**	**2,000**	**2,000**	**2,000**
5.Roads & Stormwater: Backlogs	Britstown / Hanover / De Aar	MIG						
Storm Water Phase 2	Britstown/Hanover/De Aar		53,400	7,300	11,400			14,700

Street Phase 2	Britstown / Hanover / De Aar	MIG	54,100		1,000	10,000	10,000	
New streets		EPWP/ Own funds	**50,500**	**3,000**	**3,000**	**3,000**	**3,000**	**3,000**
TOTAL STREETS			**160,000**	**10,300**	**15,400**	**13,000**	**13,000**	**15,000**

5.4 SECTION 2: CONSOLIDATED FINANCIAL REVIEW

This sectiongives an overview of the Financial Viability of the municipality as the implementing agent for the IDP.

In essence this section will also contain multi-year budgets with a 3 year commitment and a strategy for municipal revenue generation, external grants over a medium or long term including the final budget. The following is a brief exposition of related process in the formulation of the draft budget.

5.4.1 BUDGET SUMMARY 2019/20

Total Revenue

Total revenue projected before tariff adjustments amount to R145 650 567million. The major revenue items are as follows:

Property rates

Total projected property rates amounts to R31 046 846 before any rate increases the different proposed rate increases, ranging from 6%.

Service charges

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality's revenue budget. It constitutes a reasonable amount of total revenue before any tariff increases. Municipalities are advised to structure their 2019/20 electricity tariffs based on the approved 6% NERSA (National Energy Regulator of South Africa) guideline tariff increase.

Revenue by source

The different proposed tariff increases in water, sanitation and refuse revenue ranging from 6%. Electricity tariff is tabled at 6%as per NERSA Draft guideline.

Expenditure by type

- Total expenditure excluding capital expenditure amounts to R246162012million.
- Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Employee related costs

Employee related cost increased from R56 449million (2012/13) to R76930252million (2017/18). There has been an increase of R 7,604million, R5, 291million, R5, 630million. Annual increase of 7% has been provided as per Collective Wage Agreement as per SALGBC 2019/20.

Bulk purchase

Bulk purchases have significantly increased over the period 2011/12 to 2015/16 period. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.Municipalities are advised to structure their 2019/20 electricity tariffs based on the approved 4.6 per cent NERSA (National Energy Regulator of South Africa) guideline tariff increase and provide for an 4.6 percent increase in the cost of bulk purchases for the tabled 2019/20 budgets and MTREF.Electricity tariffs will be increased by 6% as per NERSA drafts guidelinesdiscussion document and approval will have an impact on this final tariffs.

5.4.2 CAPITAL BUDGET

The capital budget for 2018/2019 is R70436 050, 00 and the 2019/2020 is R50205450, 00. Projects per funding source included:

1.	**Capital Grants**	R 48418 450
1.1	Municipal Infrastructure Grant	R 25 657 000
1.2	Integrated National Electricity Programme(INEP)	R 15 000 000
1.3	Water Services Infrastructure Grant	R 3910 000
2.	**Own Capital Funding**	**R 5351450**

These projects will be financed from surplus internal funding, projects include:

1.4	Resealing and construction of new streets	R 1 750 000
1.5	Machinery and equipment amounts to	R 129700
1.6	Building Renovations	R 1 301500
1.7	Prepaid Electricity Meters	R 710 000
1.8	Garp Compliance: Clean Audit Status	R 258 000
1.9	MSCOA Readiness	R 1623500
1.10	Computer equipment and other smaller Capital Projects	R 365750
1.11	IT Reform	R 1 000 000

5.4.3 FINANCIAL VIABILITY

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area namely Municipal Financial Viability and Management.

Description	Basis of calculation	2015/16	2016/17	2017/2018
		Audited outcome	Audited outcome	Audited outcome
Cost Coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.90	0.46	0.55
Total Outstanding Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	47.60	0.39	0.39
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	2.77	0.04	0.04

Table 86: National KPI's for financial viability and management (Source: Annual Report 2017/18)

An important factor considered by investors in relocating to an area, is the ability of the authorities to demonstrate adequate provision of services, financial discipline, affordable tariffs, adherence to statutory requirements, timely preparation and production of financial statements, adherence to generally accepted accounting practices and unqualified audit reports.

5.4.4 REVENUE RAISING STRATEGIES

The municipality will strive to increase its revenue by implementing the following strategies:

Strategy 1:	The guidance on how to improve the payment ratio of the area can be found in the credit control and debt collection policy. This policy highlights the procedures to be followed in the collection of all moneys owed to the Municipality.
Strategy 2:	To ensure through Local Economic Development that employment opportunities are generated which will enable families to start paying for services.
Strategy 3:	To create a climate for investment in the area, this will in turn also generate employment opportunities.

Strategy 4:	To ensure that the figures in respect of families that qualify in terms of the indigent policy, are correct so as to qualify for an increased amount from national government.
Strategy 5:	To introduce a system through which services payment by employed people is guaranteed by having such payments deducted by their employers before salaries are paid out.
Strategy 6:	The installation of prepaid meters is essential in securing future payment for services by residents.
Strategy 7:	To enlarge the revenue base of the municipality by ensuring that all properties are correctly zoned. (The property rates tariffs are based on the zoning)

5.4.5 EXPENDITURE MANAGEMENT STRATEGIES

The municipality will strive to curb its expenditure by implementing the following strategies:

Strategy 1:	To reduce expenditure on non-core functions, by considering Public Private Partnerships.
Strategy 2:	To limit operating and capital expenditure to essential items.
Strategy 3:	To investigate and limit water and electricity losses.
Strategy 4:	To limit employee related expenditure, by introducing a fingerprint time and attendance system.
Strategy 6:	To reduce interest and redemption expenditure by exploring alternative ways (possible grant funding) to pay off the long-term loans.

5.4.6 ASSET MANAGEMENT STRATEGIES

A GRAP compliant asset register forms the back bone to any system of asset management. In addition to an effective maintenance program, it is also critical that adequate, comprehensive insurance coverage is in place at all times.

The municipality will be examining all its inventory and equipment to ensure that redundant and unused items are disposed of according to prescription. This will ensure a more accurate asset register as well as reduce risk and therefore insurance costs.

In order to comply with audit and financial disclosure requirements, often-used items and consumables will be taken onto inventory and managed accordingly. Council has an adopted Asset Management Policy.

CHAPTER 6

CHAPTER 6: PERFORMANCE MANAGEMENT

Performance Management is prescribed by chapter of the Municipal System Act, Act 32 of 2000 and the Municipal Planning and Performance Management Regulations, 796 of August 2001. Section 7 (1) of the aforementioned regulation states that "A Municipality's Performance Management System entails a framework that describes and represents how the municipality's cycle and processes of performance, planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, including determining the responsibilities of the different role players". This framework*, inter alia,* reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance. The municipality adopted a performance management framework that was approved by council in 30 May 2019.

6.1 INTRODUCTION

The Integrated Development Plan enables the achievement of the planning stage of the performance management. Performance management then fulfils the implementation, management, monitoring and evaluation of the Integrated Development Plan. The performance of an organisation is integrally linked to that of its staff. It is therefore vitally important for any organisation to periodically review its own performance as well as that of its employees.

6.2 PERFORMANCE MANAGEMENT SYSTEM

The Performance Management System implemented at the municipality is intended to provide a comprehensive step by step planning system that helps the municipality to manage the process of performance planning and measurement effectively. The PM System serves as primary mechanism to monitor, review and improve the implementation of the municipality IDP and eventually the budget. The performance policy framework was approved by Council which provided for performance implementation monitoring and evaluation at organisational and individual levels.

The Performance Management Framework of the Municipality is reflected in the diagram below:

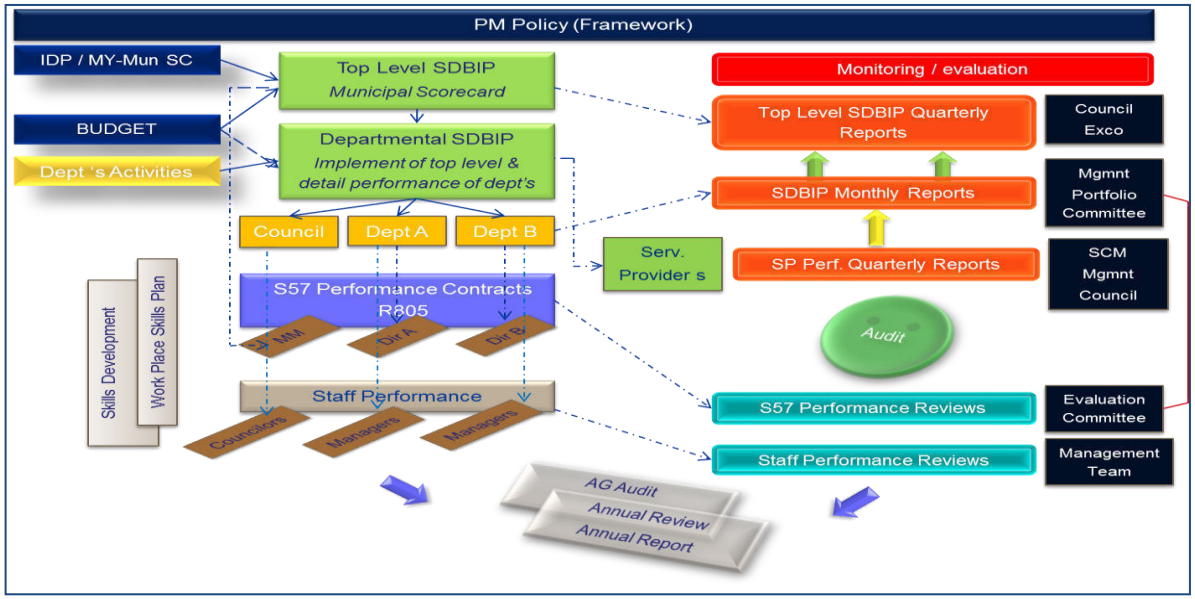


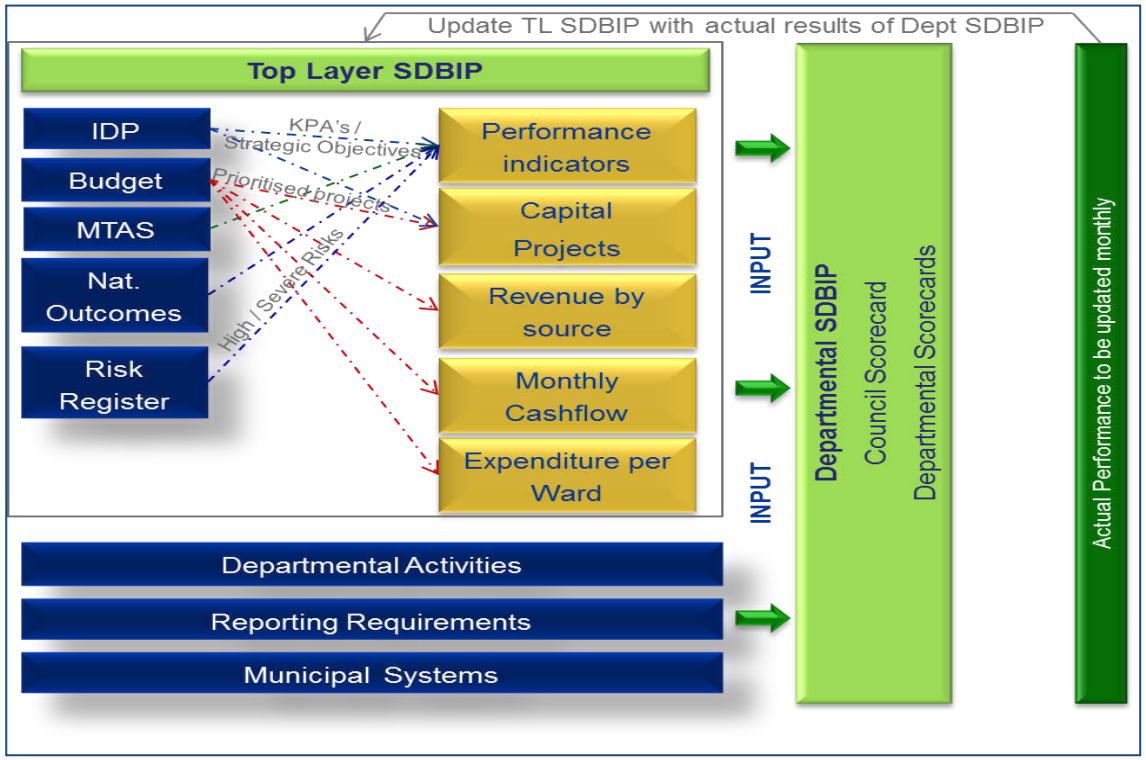
Figure 1: Performance Management System

6.3 ORGANISATIONAL PERFORMANCE

The organisation performance of the municipality is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the service delivery budget implementation plan (SDBIP) at directorate and departmental levels. The Top Layer SDBIP set our consolidated service delivery targets and provides and overall picture of performance for the municipality as a whole, reflecting performance on its strategic priorities.

Figure 2: Organisational Performance

The departmental SDBIP captures the performance of each defined department which reflects on the strategic priorities of the municipality. The SDBIP provides the detail of each outcome



for which the senior management is responsible for, in other words, a comprehensive picture of the performance of each directorate/sub-directorate.

6.4 INDIVIDUAL PERFORMANCE FOR SECTION 57 MANAGERS

The municipality is in the process of implementing a performance management system for all its senior managers. This has led to a specific focus on service delivery and means that:

- Each manager has to develop a scorecard which is based on the balanced scorecard model;
- At the beginning of each financial year all the senior managers (Section 57 employees) sign Performance Agreements.

6.5 INDIVIDUAL PERFORMANCE

Section 38 (a) of the Systems Act requires Municipalities to set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact, with regard to the community development priorities and objectives set out in its Integrated Development Plan. Section 9 (1) of the Regulations of this Act maintains indicators, output indicators and outcome indicators in respect of each of the development priorities and objectives.

Every year, as required by Section 12 (1) of the Regulations to the Systems Act, the Municipality also set performance targets for each of the key performance indicators. The IDP process and the performance management process are therefore seamlessly integrated.

6.6 PERFORMANCE REPORTING

Performance is reported on a regular basis and it includes the evaluation of performance, the identification of poor performance and corrective actions to improve performance.

Quarterly Reports

Reports on the performance in terms of the Top Level SDBIP are generated from the system and submitted to Council. This report is published on the municipal website on a quarterly basis.

Mid-Year Assessment

The performance of the first six months of the financial year should be assessed and reported on in terms of Section 72 of the MFMA. This assessment must include the measurement of performance, the identification of corrective actions and recommendations for the adjustment of KPI's, if necessary.

The format of the report must comply with the section 72 requirements. This report is submitted to Council for approval before 25 January of each year and published on the municipal website.

Annual Assessment

The performance of the financial year should be assessed at year-end in terms of section 46 of the MSA. The performance in terms of the annual targets set will be documented in the Annual Performance Report and the report will be finalized and submitted to the Office of the Auditor General by 30 August annually. This report will be included in the Annual Report of the municipality. The Annual Report is submitted to Council for approval before 25 January of each year and published for comment on the municipal website.

6.7 SUMMARY OF STRATEGIC PLANNING SESSION

Attached is the copy of the Strategic Planning Sesssion 26-27 March 2019.

CHAPTER 7

INTERGOVERNMENTAL SECTOR PLANS

The IDP contains previous information from various sector departments (National and provincial) residing in the Municipal Area. Those projects are inputs of previous year as reflected in the table below. This is essential for departments to forward their projects as part of integrated planning and implementation of programmes and projects, all those programmes and projects are already implemented.

Sector Plans from various intergovernmental Departments

Department	Ward/Area	Project	Target Date (where available
Cooperative, Governance, Human Settlements and Traditional Affairs	De Aar	De Aar 9, Top Structure	
	De Aar	De Aar 61, Top Structure	
	Hanover / Ward 6	Hanover 45, Top Structure	
	Hanover/ Ward 6	Hanover 195, Top Structure	2018/2019
Department of Health	District delivery areas	• Reduce Lost to follow Increase Viral Load suppression for HIV pte & Smear conversión for TB pte • Reduce lost to follow up of all chronic patients remaining in care • Reduce Maternal & Neonatal deaths • Improve Immunization coverage • Improve on School Health Programme • Improve on the Management of Non-communicable Diseases (Blood Pressure, Diabetes ect.)	2019/20 -2021
SASSA		Food parcels to needy learners Social grants to school going age children School Uniform	
Department of Education	De Aar	Maintenace Corrective: Veritas	2019/2020
	Britstown	Maintenace orrective: High School Theron	2019/2020
	Hanover	Ablution Block: Phakamisani High School	2019/2020

Department	Ward/Area	Project	Target Date (where available
	Hanover	Ablution Block: Primary School	2019/2020
	De Aar	Maintenance Corrective: St Johns Primary School	2019/2020
	De Aar	Atletic track to be erected(R8m)	2019/2020
SEDA	ELM Pixley Ka Seme District Municipality	Support rendering institution to SMME's	Continuous
Department of Environmental Affairs –Environmental Protection & Infrastructure Programmes(EPIP)	Emthanjeni Municipal Area	Northern Cape Yes Project((R2,4m)	2018/2019

Table 11: Sector Plans

Department of Environmental Affairs and Tourism:

The Department of Environmental Affairs has approved the following skills gaps to be implemented in Emthanjeni Municipal area:

Skills Gap:

Number of participants to be trained:

Town

NC: Occopational MTP003: Plaster and Tiler OFO Code 642302 - 25

Britstown

NC: Occupation MTP004: Plumber OFO Code 642601 - 25

De Aar

NC: Welding Practice MTP001 – Carbon Steel Plate (Structural Welding NQF 2(57 Credits) - 25

Britstown

NC: Construction MTP003 – National Certificate: Building and Civil Construction NQF3 (140 Credits) -25

Hanover

Please note that the training service providers for the different qualifications have already been appointed through the supply chain management process of the Departement of Environmental Affairs.

The Municipality are requested to assist the training service provider with recruitment and the criterion should be as follows:

- Women 55%
- People with disability 2%

LIST OF ACRONYMS

AG	Auditor General
DBSA	Development Bank of South Africa
DEAT	Department of Environment Affairs and Tourism
DHSS	Department of Health and Social Services
DLA	Department of Land Affairs
DLG&H	Department of Local Government and Housing
DM	District Municipality
DMA	District Management Area
DME	Department of Mineral and Energy
DoL	Department of Labour
DoRT	Department of Roads and Transport
DPLG	Department of Provincial and Local Government
DPW	Department of Public Works
DTI	Department of Trade and Industry
DWAF	Department of Water Affairs and Forestry
ECA	Environmental Conversation Act
EDU	Department of Education

List of Acronyms

EFF	External Financing Fund (Ad Hoc)
EHS	Environmental Health Services
EIA	Environmental Impact Assessment
EIP	Environmental Implementation Plan
EMP	Environmental Management Plan
EPIP	Environmental Protection and Infrastructure Programme
EPWP	Expanded Public Work Programme
FBS	Free Basic Services
FMG	Finance Management Grant
GIS	Geographic Information System
HIV/AIDS	Human Immunodeficiency Virus/ Acquired Immune Deficiency Syndrome
HOD	Head of Department
ICT	Information and Communication Technology
IDP	Integrated Development Planning
IEM	Integrated Environmental Management
IGR	Intergovernmental Relations
INEP	Integrated National Electricity Program
IT	Information Technology
SCM	Supply Chain Management